THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

April 20, 1940

Japanese Defeat in S.M.C. Election

An Editorial

The Empire of the Mitsuis

BY JOHN AHLERS

Japan to Grab the Indies?

Powers and China Conflict

BY TOYOHIKO MASUDA

Propaganda Obscures Doings in Norway

An Editorial

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(中國評論週報)

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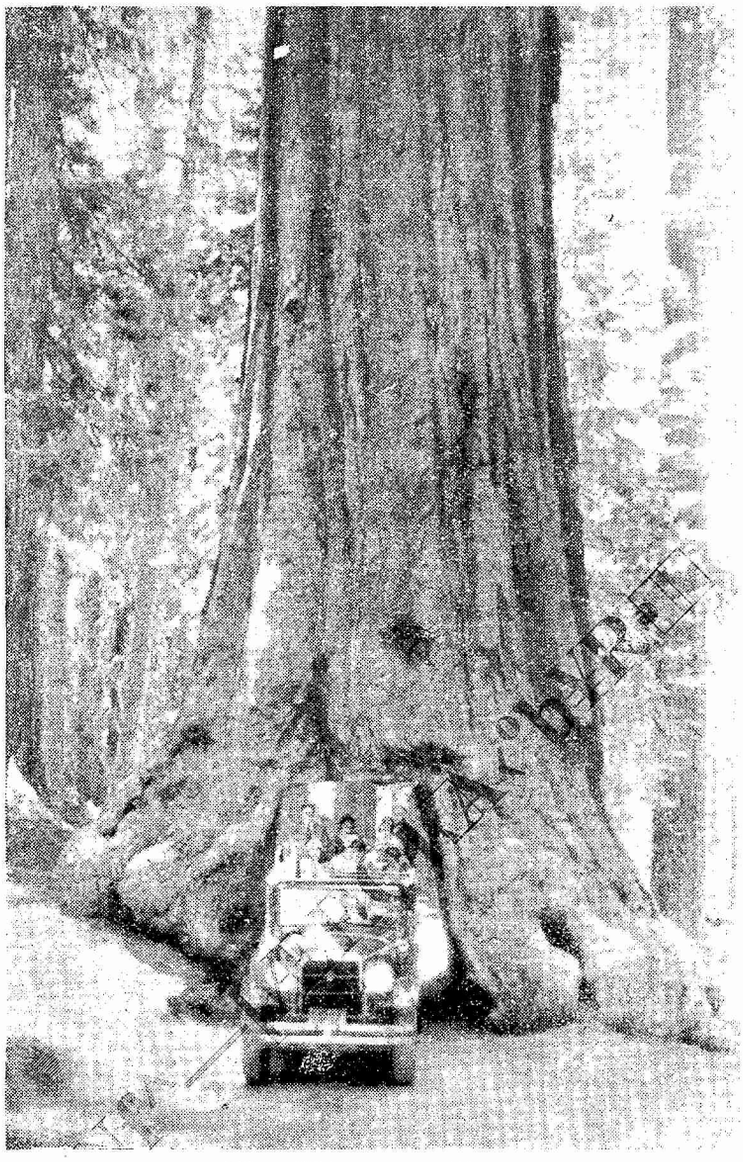

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

EDUCATION PROBLEMS

To the Editor

It is impossible for me to keep quiet toward the present educational institutions in Shanghai, because it is my duty. Most of these institutions are being run on business lines. The teachers clothe their simple thoughts in high-sounding words in order to cover their superficial knowledge, but a lot of simple-minded students are deceived. Many schools, including colleges and universities, are "clerk-makers" and "diploma manufacturers." To teach the students how to submit themselves to the changing circumstances instead of instructing them how to improve the social conditions, and to induce the students to cram the dry-as-dust definitions into their minds by means of "grades" instead of stimulating them to cultivate a critical mind, are two fatal drawbacks of the present pedagogy. The so-called "Grade A," in my opinion, only shows the degree of students' ability to cram and rote. Knowledge thus acquired has nothing to do with the changing circumstances. It has only the flavor of false grandeur. Real knowledge which is able to meet the dire necessity of the present time can not be obtained by roting and cramming.

No one can sit quiet while the boat is going to cataract. The old rhythm of social life is no more. But the professors still use the reading material of half-a-century old. Though there are many brilliant students, yet they are unable to defend themselves owing to the lack of courage. These intelligent youth, if under reasonal instruction, doubtless, will became magnates in scholarly circles, but under present educational system their potentialities are eroded. Great indeed is the loss to the country.

Now let the professors and students with ardent passions for improving educational institutions tear down the curtain of hypocrisy and learn the naked truth.

In conclusion, I earnestly hope that this letter will meet with kind consideration of those who are ranked as "intelligensia."

CHENG CHI-CHUNG

Shanghai, April 11, 1940

NON-RECOGNITION POLICY

To the Editor:

America's proclamation of her non-recognition of the new puppet regime under Wang Ching-wei in Nanking, contained in the statement by Mr. Cordell Hull, Secretary of State, was welcomed by the Chinese people. We hope other nations will follow the American example. We also hope that the declaration of non-recognition will be followed up by practical actions designed to halt Japanese aggression. Otherwise Japan will never cease establishing puppets in the pure and clean places of the world.

MU WEN-FU

Chungking, April 1, 1940

S.M.C. TAXATION

To the Editor:

The Shanghai Municipal Council, owing to its sad financial plight, is planning to increase taxes. Such a move is strongly opposed by the Chinese community, who already have great difficulty in maintaining their livelihood. Increased taxation is likely to throw them into the abyss. More revenue is needed, but it should be derived from other sources.

P. H. ALFRED WANG

Shanghai, April 11, 1940

GOING BROKE ANYWAY

To the Editor:

China's story is still Page 1 now and then, but generally speaking the reports are short and inside....The best conclusion here is that the Japanese are scraping the bottom of their gold barrel ....if they have any left....There is considerable agitation for an embargo on Japan, but a majority now, I believe, favor no action immediately... . They think Japan is in such bad financial and economic condition that we need do nothing, because they will go broke anyway....whereas if we take embargo action against them it will merely give the military clique an sxcuse to go to the common people with the cry that the United States is responsible for all their troubles....That opinion prevails, I believe, and so I don't anticipate any definite action....They will, however, "keep the sword hanging" and keep presing for remedial action....The Japanese still think Americans don't understand the New Order. But we do—too well!

R.R.Y.

Washington, D. C.
March 5, 1940

NO IRON?

To the Editor:

The European situation becomes more and more hopeless. I don't see any strategic reason for this latest German invasion of Denmark. Norway and possibly Sweden. The Germans won't get any iron ore anyway by this move.

R. A. A.

Hongkong, April 10, 1940

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS and HOH CHIH-HSIANG, *Assistant Editors*

F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*

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CATHOLICS AND REDS

To the Editor

Mr. Shepherd's letter in your last issue asks whether anyone knows anything about Mr. Frederick V. Williams. I do. We were employed together on the **San Francisco Daily News** two decades ago, at which time he was a feature and serial story writer of great imaginative power. About five years ago he passed through Shanghai twice, going to and from Manila where he was press-agent for a Eucharistic Congress (anyone looking up the date of this could know just when he was here). He was at that time and for some years had been doing publicity work for the Roman Catholics, in San Francisco I believe. His entire time in China was merely a tourist transit and it was devoted to affairs of the Church. I feel sure he has made no other visits to the Far East.

With all due friendship for Mr. Williams I must say that his qualifications for embarking on what seems to be publicity work for Japan are hardly extensive so far as first-hand knowledge is concerned. Unless he is simply handling another phase of press-agentry, his sudden interest in the China war is most inexplicable. In any event the facts cited by Mr. Shepherd indicate that he has a lot to learn.

RANDALL GOULD

Shanghai, April 15, 1940

Editor's Note:—Several months ago a national survey of Japanese propaganda in the United States indicated that the Japanese were concentrating on the American Catholics in an effort to convince them that Japan's real object was to counteract red influence and not to conquer and enslave the Chinese. Perhaps Frederick V. Williams was one of the suckers caught by the Japanese propaganda. One would think that some of the Catholics here might set Mr. Williams right, particularly now that the Pope has announced his support of the National Government at Chungking.

70% PRO-CHINESE

To the Editor:

Perhaps those who said at the beginning of the present imbroglio, that if you gave the Japanese sufficient rope they will hang themselves, are going to be proved right after all....The situation here is being watched very carefully by those who have China's interests at heart....I have recently travelled over the country and talked to large numbers of people and I am glad to report that a good 70% of the people are solidly pro-Chinese. The inside story of the European War is probably better known to you out there than it is to us here. The only comment I would care to make just now is that it looks like a very long business, and a very serious one, too.

G.E.R.

Picadilly, London,
Feb. 6, 1940

SPIRITS GOOD

To the Editor:

There is much development here in all lines since the beginning of the war, which was not to be observed in previous years. Medical education, for instance, is now being carried on in an intensive manner. It is carried on in the most primitive types of buildings, but the spirit of the students is more earnest and enthusiastic than ever before. The youth of China is doing excellent work in spite of various difficulties.

L.S.L.

National Chung Cheng Medical College,
Kunming,
March 21, 1940

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April 17, 1940

STOCKS

Amer. Locomotive	19½
Amer. Waterworks	10⅛
Anaconda Copper	30¾
Bethlehem Steel	80
Chrysler	86¾
Elec. Bond & Sh.	6½
Gen. Motors	53½
Goodyear T. & R.	22¼
Gt. Ntbrn. Rly., pfd.	25⅜
Lockheed Aircraft	40½
Mont. Ward	51⅛
N. Y. Central	16½
Texas Corp	45⅝
U. S. Steel	61¼

COMMODITIES

New York Cotton, May	10.73/73
New York Rubber, May	19.50/52
New York Hides, June	14.16/16
Chicago Wheat, May	109⅞/109¾
Chicago Corn, May	62½/62⅝
New York Sugar, No. 4, May	1.48B/48½A

B—Bid. A—Asked.

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JAPANESE DEFEAT IN ELECTION MAY CAUSE FRESH CRISIS

Whether Shanghai's recent Municipal Election—described as the most important in the history of the International Settlement—will result in further complications remains to be seen. The attempt of the Japanese to elect five members in place of the traditional two members accorded them in a long-standing "gentleman's agreement" was defeated. Also, the attempt of a British candidate, defeated in the British primary, to upset the slate, was likewise defeated. The final tabulation of votes, as certified by the Secretary and Commissioner-General of the Council, G. Godfrey Phillips, on April 12 was as follows:

Elected

Allman, N. F. (American)	**8,000**	**votes**
Carney, J. W. (American)	**7,998**	**„**
Keswick, W. J. (British)	**7,883**	**„**
Haley, G. A. (British)	**7,869**	**„**
Powell, T. S. (British)	**7,860**	**„**
MacDonald, Roderick G. (British)	**7,831**	**„**
Mitchell, G. E. (British)	**7,830**	**„**
Hanawa, Y. (Japanese)	**5,211**	**„**
Den, M. (Japanese)	**5,205**	**„**

Defeated

Okamoto, Issaku (Japanese)	**5,203**	**„**
Kuroda, K. (Japanese)	**5,188**	**„**
Okamoto, Otoichi (Japanese)	**5,187**	**„**
McDonald, Ranald G. (British)	**325**	**„**

The total number of votes cast was 13,098, with 98 votes declared invalid because of errors in marking, or neglect of voters to sign the ballots as required. The scrutineers were H. Berents and R. Bringert.

While the method of voting here, based on property ownership or lease, is the opposite of democracy as understood in the West, particularly in the United States, the methods used in the American, British and Japanese communities to increase their respective lists of voters savored of occidental methods. To which the comment might be added, "at their worst."

To understand the voting system here it is necessary, at least for Americans, to hark back to their early colonial days when it was necessary to possess property in order to have the privilege of voting. But Article XV of the U.S. Constitution reads, "The right of the citizens of the United States to vote shall not be denied by the United States or by any state on account of race, color, or previous condition of servitude." But while Shanghai requires the ownership or lease of property, there never has been any restriction in the foreign community on the ground of race or sex. Women always have voted here. But in order to vote one must either own property, or lease property of a rental value of at least Ch. $70 a month, and in addition must have paid taxes (amounting to 18% of the rent) for the preceding quarter.

Thus, election time in Shanghai is also a time of tax harvest because it is necessary to produce a tax receipt in order to obtain a ballot. The Japanese, who cast approximately 5,000 votes, were compelled to pay up their taxes, amounting probably to more than $200,000. Previously, most of the Japanese, who reside in the Hongkew district, had witheld payment of their taxes. The fact that they were compelled to pay their taxes in order to vote, and then failed to win, is partly responsible for animosities which have prevailed since the election.

The Japanese decision to nominate five members for the Council was due to the greatly increased Japanese population here (30,000 to 70,000) resulting from the war. Thousands of Japanese have flocked to China hoping to win fortunes in the wake of the conquests of their Army. Every city on the coast, within the Japanese military zone, is packed with Japanese, and since few indeed have found the expected fortunes, thousands are being supported from charity or public funds. The situation is so serious here that the Nagasaki prefectual authorities were compelled to open a relief office in Hongkew. These people have swarmed into the Hongkew section and have taken over hundreds of houses belonging to Chinese. Even apartment buildings owned by foreigners, such as the Pearce Apartments, have been filled up by Japanese. In this building, the Japanese refused to pay their rent for practically a year because they considered the rate exorbitant. In view of these circumstances, it was obvious that the large sums required to "pay up" back taxes, must have been "put up" by some organization, possibly from the Army's secret fund. According to the procedure followed, the Japanese Residents Corporation merely sent in the names with a check covering the back taxes.

Although the foreigners regarded this as unethical—if not illegal—they quickly adopted somewhat similar tactics by "splitting up" numerous large properties and as a result large numbers of votes grew where there were few, or possibly only one, before. Many foreign companies, particularly real estate concerns, used this method to greatly increase their voting strength. While the foreign vote was greatly increased over previous years it was rumored that the foreigners did not use their total strength; hence if the Japanese make another attempt next year to "capture" control of the Municipal Council, they are likely to find the foreigners exerting a voting strength hitherto not regarded as possible.

Since the Japanese introduced these tactics—in fact they precipitated the issue by declaring their intention of seizing control—it became necessary for the foreigners to meet the issue and they did it with unanimity and also with enthusiasm because it was their first opportunity to express their views and vote on the Japanese issue. Most persons thought the Japanese displayed poor sportsmanship, particularly after they had won such a signal victory over the Municipal Council in the Outside Roads and Hongkew issues.

What the outcome will be cannot be forecast now, but that a critical situation has been created is obvious to all. Most right-minded residents realized that some of the Japanese complaints were justified and that a reorganization of the entire system of municipal government here is long overdue. But while they do realize the necessity for reform, they do not think the Japanese have demonstrated their fitness as reformers. In every Chinese city seized by the Japanese Army, the worst forms of maladministration prevail. It is only necessary for residents of the Settlement to visit the so-called "badlands" area in the western district—controlled by the Japanese and their puppets—to observe at first hand

the results of Japanese control. This once-desirable sub-division has been converted into a "hell-hole" of gangster government, with revenues derived chiefly from gambling, opium smoking, heroin sales, kidnapping, blackmail and prostitution.

While the five candidates proposed by the Japanese were men of good education and represented substantial commercial interests, it was obvious that they would have little power and would be used by the Japanese militarists to accomplish their declared ambition to control the foreign concessions and drive the foreigners out of the country.

Another element in the situation was the widespread dissatisfaction which prevailed regarding the preceding administration. Rumors of maladministration constitute a chief subject of conversation wherever residents get together, regardless whether the meeting place happens to be a lowly bar or a palatial club. There is hope that the new administration will take steps to re-establish the prestige of the Council and prevent repetition of the abuses complained of. Those who have obstructed a cleanup of the notorious gambling and opium situation should be required to take action or vacate their positions. The cooperation of the foreign defense forces should be solicited for a thorough-going campaign against crime and gangsterism, both inside the Settlement and on the Outside Roads. No longer should such notorious institutions as the *protected* Asia Club on Gordon Road (entirely within the Settlement) be permitted to function, and the names of those, past and present, who protected such dives should be made known.

It is only in this manner that the foreign administrators of the International Settlement can justify their demand for continued control. Had it not been for the greater menace threatened by Japanese and puppet control, the voters undoubtedly would have expressed themselves most emphatically in last week's election. If the foreigners do not effect long-overdue reforms in the administration of the Settlement, they will be unable much longer to obtain support from abroad which is necessary for the continued existence of foreign-administered areas.

The New York *Herald-Tribune*, commenting on the results of the Shanghai election, called attention to possible dangers which may result from the defeat of the Japanese candidates. The editorial said:

"The Shanghai elections may seem like a very tiny tempest in the smallest teapot. Actually there may be in it, however, the makings of a war in the Pacific.

"Japanese spokesmen hasten to say they will have the votes next year and can afford to wait. But will the army wait? The next in order is a demand on the treaty powers for the retrocession of the Settlement through the new regime in Nanking. Next after that is its rejection by the British and American Governments, Shanghai's original concessionaires. The tempest is, indeed, a wee one but the teapot is the Pacific, so this wee tempest deserves watching."

The Council's plans regarding a chairman for the coming year were not known when these paragraphs were written, but it was rumored that J. W. Carney, one of the American members, had been offered the position, but had declined it. If this is correct, J. W. Keswick, the highest ranking British member, probably will be elected to the position. There is hope that Mr. Keswick will accept the responsibility and immediately take energetic steps to re-establish the authority and prestige of the Council. The public has demonstrated its faith—the next move is up to those who have been entrusted with what probably will be the most difficult situation which any Municipal Council ever faced.

LARGEST RATEPAYERS MEETING APPROVED TAX INCREASE

Shanghai's foreign residents—some 4,000 of them —almost unanimously approved a 50 per cent increase in taxes at the annual ratepayers meeting held at the Race Course on Wednesday afternoon, April 17. It was the largest meeting of voters ever held in the history of the Settlement. Since Shanghai still governs itself by means of an annual meeting of voters, the problem of finding a room sufficiently large to accommodate the town meeting has been a serious one. This year, due to the greatly increased number of voters, it was decided to hold the meeting at the grand stand of the pavilion at the Race Course—and so it was held, in the rain.

A matshed canopied platform built in front of the grand stand accommodated the members of the Council with clerical staff. C. S. Franklin, chairman of the Council (who has retired) presided, with W. J. Keswick, the incoming chairman, serving as seconder of most of the resolutions.

Of special interest was a resolution introduced by Y. Hayashi, chairman of the Japanese Residents Corporation, authorizing the Council to enlarge its present Economy Committee from three to twelve members: two Japanese, two Britons, two Americans, two Chinese, one German, one Italian, one Frenchman and one Netherlander. This committee will have the task of investigating the Council's finances and administration and making recommendations for economies. When the meeting had unanimously approved this amendment, the Japanese then approved the tax increase in the new budget.

Considerable amusement resulted from a proposal by a Russian lawyer that the Council license slot-machines at the rate of $100 a month for each machine. He claimed the machines would bring in "more than a million a year," and thus materially reduce the deficit." His proposal and a suggestion from another quarter that a municipal lottery be inaugurated received little or no support, although it was stated that the Council was considering the matter of holding a lottery for charitable purposes.

A proposal introduced by Don Chisholm, editor of *Shopping News*, that the appropriation of $200,000 for the Municipal Orchestra be withdrawn, was defeated, almost unanimously.

Another recommendation that salaries for the rank and file of the police force, chiefly Chinese, and for the Chinese staff of the Fire Department, be increased, was applauded, but no resolution was introduced.

The chairman referred to the "settlement" of the Western Roads and Hongkew issues and expressed the hope that "good will on both sides" would lead to an improvement of conditions.

The chairman said that plans were under consideration for authorizing the Salvation Army to care for the city's beggars and war refugees, but the matter of finance had not yet been decided upon.

There was an extended explanation of the Settlement's financial plight and assurances were given that economies would be made as quickly as possible. Referring to the buget, the chairman said: "The total Budget expenditure inclusive of the carry-forward from 1939 is estimated at $47,476,970. As the total income at current rates of taxation would amount only to $35,142,150 it was apparent that a gap of some $12,234,820 had to be bridged. The bridging of this gap was to be done by the 50 per cent increase in rates. Thus the Council's emergency $10,000,000 loan would also be partly taken care of."

Empire of the Mitsuis

BY JOHN AHLERS

(This is the second article of a series devoted to the Japanese mammoth business concern, the Mitsuis. The first of these articles appeared in The China Weekly Review last week. The third and last article will be published next week.)

THE Mitsui interests' decision to dissolve the Mitsui Gomei Kaisha, their central holding company, by merging it into the Mitsui Bussan Kaisha, and thus to abandon closed partnership in favor of joint stock-holding, is in line with recent proceedings of other Nipponese mammoth concerns. The Mitsubishi and Sumitomo interests have already turned their former unlimited partnerships into joint-stock holding systems.

Iron Statues for Nanking's Chief Puppets

Cartoon from Chungking paper asks the Chinese people to contribute to the fund for erecting iron statues to Wang Ching-wei, chief Nanking puppet, and his wife. Iron, being a base metal, is only used for casting statues of Chinese traitors. Statues for heroes are always cast in bronze or brass, or carved from enduring stone.

The Yasuda interests are reportedly planning to follow suit. As regards the further decision to release to the general public Mitsui Bussan shares, the Mitsuis are also not pioneers. The Mitsubishi Sha last year sold to five leading Japanese insurance companies 100,000 shares of the Mitsubishi Heavy Industries Co. and 50,000 shares of the Mitsubishi Mining Co., allegedly retaining less than the majorities of these shares.

The big business concerns occupying a special position in Japan's economy number fourteen. They had, by the end of June last year, a total paid-up capital of Yen 6,724,000,000. The aggregate paid-up capital of all business corporations in Japan was Yen 21,072,000,000 so that the fourteen concerns account for 32 per cent of this capital. Biggest of all the big business concerns in Japan are the Mitsui interests, with Yen 1,429,000,000 of paid-up capital officially listed by the Tokyo Government. This amount is more than 20 per cent of the fourteen concerns' capital, and almost seven per cent of the capital of all business corporations in Japan, including those forming national property. Actually, the Mitsui interests are much bigger than the above figure suggests. The latest edition of the *Japan & Manchukuo Year Book* estimated the Mitsui corporation "worth" at Yen 1,857,000,000. The British *Economist* calculated them as high as Yen 5,000,000,000.

Here are a few figures illustrating the extent of the Mitsui interests' hold upon Japan's economy. The Mitsuis, by the middle of last year, had invested the bulk of their known paid-up capital as follows:—

Heavy industries	... ...	Yen 397,000,000
Paper industry	... ...	„ 244,000,000
Textile industry	... ...	„ 174,000,000
Chemical industries	... ...	Yen 159,000,000
Trade	... ...	„ 138,000,000
Financing	... ...	„ 71,000,000
Ceramic industries	... ...	„ 47,000,000
Power and gas	... ...	„ 45,000,000
Other economic activities	...	„ 145,000,000

Almost all of this represents pre-war yen, and most of the Mitsui investments are due for a substantial appreciation of capital as expressed in present-day depreciated yen. Three years ago, the Mitsuis controlled production in Japan and her colonies of a series of important goods, to the following extent:

Coal	... ...	22.5 per cent
Gold	... ...	15.0 „ „
Steel	... ...	1.3 „ „
Ammonia Sulphate	... ...	15.0 „ „
Paper	... ...	80.0 „ „
Cement	... ...	24.0 per cent
Sugar	... ...	19.0 „ „

Of the foreign trade of Japan, the Mitsuis transact a full third.

The pyramidal structure of these vast interests was devised 40 years ago by the business genius Nakamigawa, who established the Mitsui Gomei Kaisha. Mitsui Gomei, nominally capitalized at Yen 300,000,000, is owned in partnership by the eleven Mitsui families. Its President, Baron Takakimi Mitsui, is the present head of the House of Mitsui. Mitsui Gomei is a private holding firm directly controlling but six out of some 75 stock companies of the Mitsui realm, viz., the Mitsui Bussan Kaisha, the Mitsui Mining Co., the Mitsui Bank, the Toshin Warehouse Co., the Mitsui Trust Co., and the Mitsui Life Insurance Co. The latter three are of comparatively little significance: it is the former three which chiefly count, and these, after the pending disappearance of Mitsui Gomei, will be first in the Mitsui business world. Mitsui Bussan, Mitsui Mining and the Mitsui Bank, in turn, control three layers of companies designated as affiliations, subsidiaries, and affiliations of subsidiaries, with the latter at the bottom of the Mitsui pyramid.

Mitsui Bussan, which soon is to swallow Mitsui Gomei, is one of the leading, if not the largest, of the trading concerns in all the world. Certainly there is nowhere a commercial firm with as large a share in any major country's trade as that of Mitsui Bussan in Japan's foreign commerce. Estimates of that share range between 30 and 40 per cent. The firm is world-renowned for its aggressiveness, resourcefulness, and reliability. Its earnings are huge; the first half of 1939 yielded to

Mitsui Bussan net profits reported at Yen 14,165,000. Mitsui Bussan was established in 1876 under the leadership of Masuda, former houseboy of Townsend Harris, and throughout 65 years violently expanded in all directions. Its latest pre-war turnover was given as Yen 1,500,000,000, whereof one-fifth was entirely outside the Japanese Empire.

Mitsui Mining ranks second. This company is the most important mining concern in Japan and in the whole Far East. It was based upon the Miike coal mine property in Kyushu which the Mitsuis in 1888 shrewdly managed to acquire from a reluctant Japanese Government at the bargain price of Yen 4,500,000. In the subsequent 50 years, the Mitsuis extracted profits amounting to some Yen 450,000,000, out of the Miike mines alone. Many other mine properties were added

Wang Ching-wei's Support

Chungking cartoonist inquires, "Is this the New Order?" The head is that of Wang Ching-wei.

since. With Yen 125,000,000 capital paid up, Mitsui Mining in the first six months of last year netted profits totalling Yen 10,104,000.

Third is the Mitsui Bank. Though in its present form younger than both Mitsui Bussan and Mitsui Mining, the Mitsui Bank actually is the direct descendant of the ancient Mitsui money exchange and trade financing institution established back in the 17th century. The Mitsui Bank today occupies the first place among the "Big Six" private banks of Japan; its paid-up capital and reserves total Yen 128,800,000; and at the end of last year it held deposits to the total amount of Yen 1,349,704,471.52.

In the almost 70 remaining Mitsui companies the Mitsuis usually do not hold the majority of the shares, although their minority holdings nevertheless give them control of these corporations. Prominent among such companies are huge concerns which foreigners frequently fail to associate with the Mitsui interests, such as Kanegafuchi Spininng, the world's largest cotton industrial company; Oji paper, which enjoys almost a paper monopoly in Dai Nippon; Hokkaido Colliery & Steamship, where the Imperial Household figures as a shareholder alongside the Mitsuis; Toyo Rayon; Japan Flour Milling, and others. The Mitsuis of late years substantially reduced their holdings in some of these concerns. They sold out, for instance, the majority of Oji paper. In other concerns, on the contrary, they recently increased their holdings, and it would be erroneous to believe that on the whole they loosened their grip upon their affiliations and subsidiaries. The Mitsuis merely slowed down in Japan proper their former violent expansion. Ever since 1932, they were preoccupied chiefly with the consolidation, reorganization and camouflage of their economic realm.

The Mitsui octopus entered upon the China business at a time much earlier than is usually realized. Mitsui Bussan was an important coal dealer in Shanghai already in the past century before the Japanese in this country secured extraterritoriality. The company resolutely expanded its China activities in many directions, and drew other Mitsui interests behind. The outbreak of the present Sino-Japanese war saw large Mitsui investments in manufacturing industries in this country, chief among which was and still is the Shanghai Cotton Manufacturing Company. The Nipponese conquest of large parts of North and Central China enabled the Mitsui interests to get hold of additional important Chinese-owned enterprises. Mitsui Mining secured control of the Chunghsing bloc of the coal mines in North China. Toa Flour, a subsidiary of Japan Flour, appropriated seven flour mills in the North and two others in Shanghai. Shanghai Cotton Manufacturing seized the 73,000 spindles, 5,578 weaving looms and 422 weaving machines of the local Sung Sing Mill No. 6. Mitsui Bussan put its finger upon such industrial prizes as the Tangshan Chi Hsin Cement Works, the rock phosphate deposits near Haichow, and the biggest lumber yard in Soochow. In the exploitation of the Hwainan collieries near Pengpu, the Mitsuis share with the Mitsubishis and other Japanese firms.

As compared with other Japanese interests, however, the Mitsui interests have not been very eager to appropriate Chinese industries. They did not, of course, leave untouched any industrial booty that could be had for nothing or almost nothing. But from the outset of the war they seem to have made up their mind to refrain from too far-reaching new industrial engagements and to avoid, in particular, huge investments in China proper. The same policy they pursued in Manchuria, to the great disappointment of the Nipponese military. The only field in which the Mitsuis have ruthlessly expanded in occupied China is, just as in Manchuria, the field of trade. There does not seem to be a single important branch of present Sino-Japanese trade in which the Mitsuis do not prominently share, and in many branches of that trade they enjoy an absolute monopoly as, for instance, in the case of the Central China Silk Corporation's silk export business. The Mitsuis are head over heels involved in most of the Nipponese trade rackets of the occupied areas' hinterland, and do not disdain profits from minute commercial transactions in competition with Chinese village peddlars. Mitsui Bussan is today by far the largest and best-earning trading corporation in all of China, and of all the Japanese economic interests over here the most outstanding war profiteer.

Mitsui Bussan is trading in occupied China as recklessly as it did formerly in Japan proper, when Masuda and later Yasukawa headed the mammoth company. But in Japan today, Mitsui Bussan is going much slower than before, more and more confining itself to large-scale activities, and refraining from competition with small traders and shopkeepers. It was to enforce this policy of retrenchment, that Seihin Ikeda six years ago fought and ousted Mitsui Bussan's "Razor" Yasukawa. A similar policy Ikeda enforced upon most of the other Mitsui companies, many of which obeyed, but with great reluctance. To a certain extent, the pending disappearance of Mitsui Gomei is also part of the new Mitsui policy, whose final outcome as yet is uncertain.

(Concluding article next week)

Allies Grab Danish, Norwegian Ships in Far East; Seizure of Netherlands Indies Being Talked

HOW THE WAR HAS AFFECTED SHIPPING ON THE PACIFIC

Investigations by the Japanese Department of Communications, the Japan Weekly Chronicle reported April 4, show that 159 ships aggregating 1,289,994 tons had been withdrawn from Oriental Seas by belligerent and neutral countries up to the end of November, 1939, i.e., during the first three months of the war. At the outbreak of the war, there had been 582 ships of a total tonnage of 4,459,233 operating in Oriental seas, but at the end of November the number of ships had been reduced to 423 and the tonnage to 3,176,229. American shipping alone showed an increase, 11 ships totalling 81,473 tons entering trade in Oriental waters.

EVER since World War II got under way in September of last year it was generally recognized that the Far East would be profoundly affected by the conflict. The far-flung interests of the belligerents and the world-wide scope of the stakes placed at issue, made this inevitable from the outset. It is still not possible to foresee the full effects of the war on this part of the world. Some of its effects, particularly as regards trade, are already apparent. Others are being suggested by current developments arising from the German invasion of Scandinavia and the danger of an imminent spread of the war to Belgium and The Netherlands.

Last week, the British authorities in Hongkong witheld clearance papers from the 8,000-ton Danish motorship Peter Maersk, long a familiar caller at Shanghai and other Far Eastern ports. Four Norwegian ships were also detained in the British colony. According to *United Press*, preparations are being made to round up between 40 and 50 other Danish and Norwegian vessels plying in Far Eastern waters. If Germany formally annexes Denmark, the Danish ships will be confiscated as prizes of war. Norwegian ships would be similarly dealt with in similar circumstances.

The Rola Maersk, 5,083-ton Danish freighter, was in Yokohama when the German invasion of Denmark took place. She was about to leave for New York, but cancelled her sailing on orders from the agents. This vessel, *Domei* reported, brought to four the number of vessels riding at anchor in Yokohama's "dead ship row", the others being German merchantmen which have sheltered there from the British Navy for several months past.

Philippine businessmen late last week requested Mr. Francis B. Sayre, United States High Commissioner, to ask the State Department in Washington to bring pressure to bear for the release of the Danish and Norwegian freighters held in Hongkong, on the ground that they contained valuable cargoes bound for Manila, including perishables.

A *United Press* report from Washington quoted British Embassy sources to the effect that the Allies were contemplating seizure of 705 ships of the Danish merchant marine, totalling 1,175,000 tons. Seizure would be based on the contention that Denmark cannot be considered a neutral, having permitted Germany to assume protection of the country. The vessels, it was further stated in a message from London, would "technically" be considered enemy vessels, but would be freed if they agreed to fly the British or French flags.

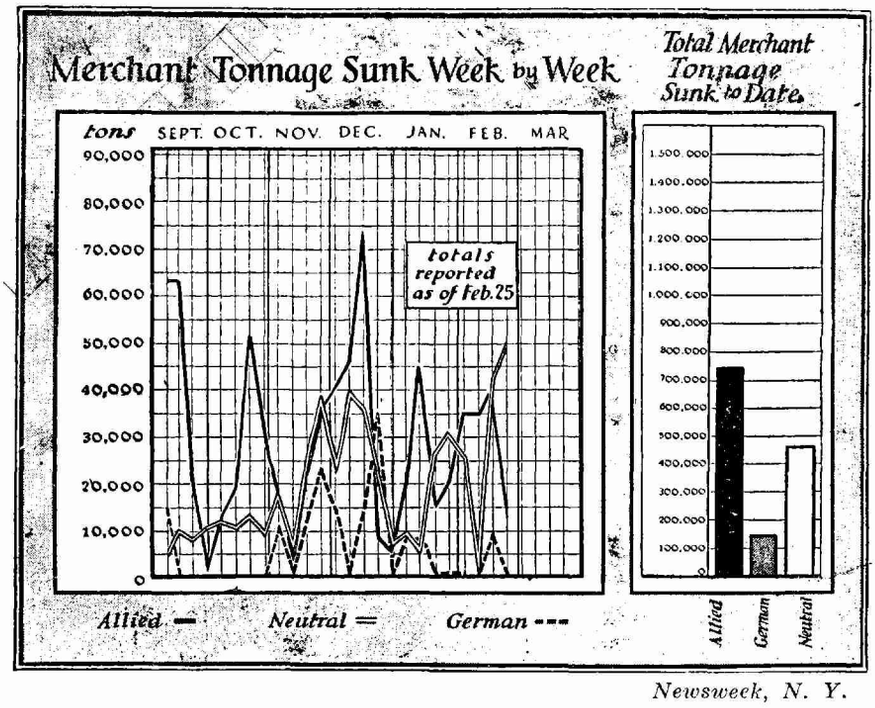
An explanation of British actions—either taken or in contemplation—regarding Danish ships and their cargoes was issued April 12 by the British Embassy in Shanghai. In view of the fact that Denmark is under German occupation and control, all goods of Danish origin or destined for Denmark will in fact be used in the service of the enemy, the statement said. The following steps are therefore being taken by the Allied authorities with regard to all Danish territory other than Greenland, Iceland and the Faroe Islands (Britain has occupied the Faroe Islands):

(a) All contraband consigned to or destined for Denmark will be detained or seized.

(b) All goods of Danish origin or ownership will be detained under the reprisal order, and the British authorities will refuse certificates of origin for all goods of Danish origin or ownership.

(c) All applications for "Navicerts" covering goods consigned to Danish destinations will be refused. All "Navicerts" granted for consignments for Denmark which have not yet reached their destination are cancelled.

This action, it was stated, is in no way directed against the Danish people, but is necessitated by the fact that their country and their Government are in the effective control of the enemy.



Newsweek, N. Y.

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THE blow administered to Pacific shipping by the extension of the war has been largely overshadowed by interest in the fate of the Netherlands East Indies in the event that Holland is thrown from her precarious neutral perch and unable to defend her valuable Far

Eastern possessions. There have been pointed comments on this question both in Tokyo and Washington. The discussion was precipitated by a staff correspondent of *I.N.S.* in Washington, W. W. Fitzmaurice, who cabled as follows on April 13:

Naval experts here told me that a German invasion of the Netherlands might require the basing of all or a good part of the United States fleet at Hawaii in order to discourage a Japanese advance into the Dutch East Indies. These experts said that the American navy had taken into account the possibility that during a chaotic war in the Netherlands, Japan would send a fleet to the Indies on the pretext of maintaining order or liberating natives from European rule. It is understood that the War Plans Division of the Navy have already devised appropriate measures to check Japan, for it is well-realized here that Japan's conquest of the Indies would place United States tin and rubber sources in the hands of Japan and end Japanese dependence on American petroleum.

Tokyo commentators got busy the next day. The *Asahi* chain of newspapers, *Domei* reported, said Japanese officials were watching the European situation with great interest, being "disinclined to see the spread of the war to the southern Pacific." Measures were being considered to cope with any emergency, the papers added, while care was being taken to avoid other Powers "misunderstanding Japanese motives in case action become necessary should the Netherlands East Indies become involved in the conflict contrary to Tokyo's wishes."

The papers foresaw three possible developments in the Indies in the event of The Netherlands becoming involved in the war:

1. The placing of the Netherlands East Indies under a British protectorate or under British occupation.
2. The flight of the Netherlands Government to the Netherlands East Indies.
3. The placing of the Netherlands East Indies under the protection of the United States at their own request.

Commenting on these possibilities, the *Asahi* newspapers declared that Japan was reluctant to see the hostilities spread to the southern Pacific as a result of a change in the political affiliation or alignment of the Netherlands East Indies. This statement permits of only one interpretation, namely, that Japan is prepared to go to war to prevent control of the Netherlands East Indies falling into Allied or American hands, since hostilities could spread there only if Japan tried to grab the islands or prevent some other Power or Powers from doing so.

Much bolder intimations of possible Japanese intentions with regard to the Netherlands East Indies followed close upon the *Asahi's* expression of views. Mr. Hachiro Arita, Japan's Foreign Minister, declared that Tokyo would view with "grave concern" any situation that may bring about a change in the present status of the N.E.I. Mr. Arita went on to say that "Japan is economically bound with the South Seas region, especially the Netherlands East Indies, by an imtimate relationship of mutuality in ministering to one another's need. Similarly, other countries in East Asia maintain close economic relations with that region . . . The Japanese Government cannot but manifest its deep concern with the creation of a situation which may bring about a change in the status of the Netherlands East Indies as a consequence of the aggravation of the war in Europe."

The Tokyo Foreign Office spokesman entered the ring the next day with an announcement that the Arita statement "is a prelude to Japanese action in the matter." Japan, he said, did not want to see the Indies fall into "alien hands." It did not seem to occur to the spokesman that the Indies have been in alien hands ever since The Netherlands seized them, and that if they came under Japanese control they would simply have been transferred to other aliens.

What the contemplated "action" of Japan might be in the present situation, the spokesman did not venture to say. It is believed, however that Tokyo has been making representations of some sort both to the government of The Netherlands and to the Allied Powers. General J. C. Pabst, Netherlands minister in Tokyo was closeted with Mr. Masayuki Tani, Japanese Vice, Minister of Foreign Affairs, for half an hour on Apr. 16, when he was given Japan's views and asked to transmit them to The Hague.

Official circles in Washington, according to *United Press*, evinced concern over Japan's implied threat to take "protective steps" to assure the "safety" of the N.E.I., seeing in it possible danger to United States

Look Out For Leaflets!

Kansas City Star

Distribution of leaflets was a dangerous activity—for the recipients—in the stone age. Victim: "I wish they would come out and fight instead of distributing leaflets."

imports of rubber and tin. Some regarded the Arita statement as a "trial balloon" designed to ascertain official opinion abroad.

Pungent comment came from the Amsterdam newspaper, the *Algemeen Handelsblad*, which wrote on Apr. 16: "Foreign newspaper balderdash is disposing of the Netherlands East Indies over Holland's head. In order to dispose of a neutral country it is necessary to be there, and we may say without arrogance that we shall also have something to say about it . . . He who wants to 'protect' The Netherlands in the East or in the West will be regarded as an aggressor and treated as such."

In London, according to a *Domei* dispatch the same day, official circles declined to comment on the question, but the view prevailed in well-informed circles that if Holland is drawn into the war the N.E.I. will be placed under British protection, for if Germany marched into Holland that country would automatically become an ally of France and Britain. The likelihood of the United States taking control of the N.E.I. was minimized by these circles, who pointed out that such a step would not be taken by President Roosevelt unless he had decided to abandon his policy of neutrality in the European conflict.

Political circles in Berlin, also according to *Domei*, declared that Japanese resistance by force to a change in the neutral status of the N.E.I. might precipitate a world war. Germany, they said, would resort to occupation of the Low Countries (Holland and Belgium) if conclusive information were secured that the Allies

intended carrying out military operations there. In that event, Britain would seize the N.E.I. to secure the rich rubber, oil and tin production of Holland's Far Eastern possessions, and might then come into conflict with Japan. Some Germans suggested that Britain might strike a bargain with Japan, abandoning China to the Tokyo Government in exchange for control of the N.E.I.

One sensational—and unsubstantiated—report concerning Japanese intentions accompanied the widespread speculation on the fate of the N.E.I. The Hongkong *Chungking Yat Pao*, vernacular daily, reported Apr. 16, on the basis of a "special dispatch" from Shanghai, that dozens of Japanese warships and transports were standing by in the mandated Caroline Islands, at Hainan Island and at Formosa, awaiting sailing orders in "a Japanese plot to capture the Netherlands East Indies."

The exigencies of the European war are introducing ever new complications into Japanese-Allied relations and are tending to cancel out the results of Britain's appeasement policy in this part of the world. Japan's latest quarrel is with Australia, which, according to a *Havas* report from Tokyo on April 14, is gradually tightening control over imports of goods from countries outside the sterling bloc, a tendency which the Tokyo Foreign Office views with "much concern," having gone the length of informing the Commonwealth Government that Japan may resort to retaliatory measures, especially if Canberra extends control to imports of Japanese cotton yarn, cloth and rayon goods. Only recently, Japan protested to Canberra against a contemplated reduction of Australian wool exports to Japan.

And Japan is again up in arms against the Allies on account of alleged continuing transportation of arms and supplies to the Chinese Government at Chungking by way of the Burma-Yunnan highway and the French-owned Yunnan Railway. Rear-Admiral Masao Kanazawa, spokesman of the Japanese Navy Ministry, declared on April 11 that this traffic was going forward on a large scale in spite of Japanese protests. It constituted action favoring Gen. Chiang Kai-shek and detrimental to Japan, he said, adding that Japan "cannot overlook acts calculated to assist the Chungking regime, her enemy."

Tatsuo Kawai, former spokesman of the Japanese Foreign Office and now a minister-at-large, declared in an interview with *Havas* in London on April 12 that diplomatic relations between the Allies and Japan were improving. He voiced the hope that the Allies would make a contribution to the settlement of pending problems and thus facilitate further improvement. Whether even this cautious optimism is justified, in view of the developments sketched above, is much to be doubted.

Meanwhile, there is indication that Moscow is trying to fish in the troubled waters of the Pacific. On April 12, according to a *Havas* dispatch, the Moscow radio violently denounced Japanese colonization and commercial dealings in Latin America. The economic interests of Japan and the United States are coming more and more into conflict in Central and South America, it was asserted, with Japanese expansionist efforts being stepped up constantly. Moscow radio then continued:

"The number of Japanese settling in Brazil, Peru, Mexico and other South American republics is constantly increasing and Japanese colonies are becoming more and more numerous. Commercial relations between Japan and Mexico have been substantially tightened and a bank to finance Mexican cotton and coffee exports to Japan has been opened at San Paulo. The presence of Japanese institutions in Latin America has other objects than those of mere commerce; the Japanese are preparing the way for extension of their domination in the Pacific Ocean and Japanese settlers established near the Panama Canal represent great strategic assets. The Japanese base at Para, Brazil might be used as a base for submarines, while their colonies of settlers in Mexico, Colombo and Costa Rica could easily be transformed into airports which would allow war planes to reach the Panama Canal, the Gibraltar of Latin America, in a very few hours."

Moscow's solicitude for United States interests in Latin America is touching indeed, if a little thin. A war between Japan and the United States would suit the Kremlin book admirably, for the Soviet Far East would then be entirely safe from Japanese attack. Now, with the Netherlands East Indies looming so large in Pacific problems and offering, as it does, every possibility of a first-class Japan-Allied or Japan-American embroilment, it is no wonder that Moscow is endeavoring to exploit the dangerous situation for its own profit.

U. S. Commerce Chamber Will Consider Retaliation Methods

The United States Chamber of Commerce at Washington will consider the matter of retaliation against Japanese restrictions on American trade in China, at the annual meeting of the organization scheduled for April 29. Several proposals have been made, according to *United Press* from Washington on April 10, for a general strengthening of American policy. These proposals have been published and will form the basis of the Chamber's declared policies and official attitude with regard to Congressional legislation, pending or to be introduced during the year. Among the published proposals were four recommendations of the American Chamber of Commerce at Shanghai:

1. A declaration emphasizing the importance of developing and maintaining business opportunities for Americans in China on equality with those of any other nation.
2. A recommendation that the declared policy of the United States Government be to hold warring nations in the Far East fully responsible for damages done to Americans.
3. An advocation that restrictions and discriminations be applied against Japanese trade and shipping in the United States to correspond with the Japanese restrictions and discriminations against United States trade in China.
4. The development of the United States merchant marine with efficient and dependable crews.

A further report from New York on April 12 said that the State Department had initiated an investigation into the propaganda activities of Japanese agents in the United States. Special attention will be paid to Japanese propaganda activities directed from San Francisco and Los Angeles.

According to an article by the *Associated Press*, the President has power (without reference to Congress) to impose new duties against Japanese goods, or even place an embargo on Japanese goods imported into the United States, in retaliation for Japanese discrimination against American commerce in China. The report stated that it "would not require much effort to find cases of Japanese discrimination against American trade in Japanese-occupied areas in China." The report said that the 1930 Tariff Act gives the President power to impose new duties on Japanese merchandise in case proof is provided of Japanese discrimination, and if the discrimination should continue after the new duties have been assessed, the President is then empowered to impose embargoes on Japanese imports. However, an embargo on American merchandise destined for Japan would require Congressional action. American imports from Japan in 1938 amounted to US$126,820,000. It also was claimed that an old law passed in 1828 gives the President power to assess a 10 per cent extra duty on all Japanese imports into America which arrive on Japanese ships. President Grant in 1872 issued a proclamation stating that "since Japanese discrimination against American goods had ceased, Japan should enjoy the same rate of duties as other nations." This proclamation still stands, but could be revoked at any time, stated the report.

American organizations in Shanghai, whose members have suffered property losses resulting from Japanese military activities, have formed a "Special American Committee on War Claims," according to recent announcement. It was stated that of the American claims for damages suffered in the Shanghai-Nanking area amounting to approximately Ch.$2,000,000, only Ch.$97,000 had been paid. Nearly all of the $97,000 which had been paid covered lumber which the Japanese Army had seized from an American company in Nanking. Dr. L. C. Gylbert of the American Baptist Mission is chairman of the American Claims Commission.

The Colonel "Didn't Think the War in China was Important"

AN American who holds an important business position in Shanghai resides—when he is home in the United States—in an industrial city near Chicago. Recently he returned to Shanghai from a trip to his home in the Illinois city and he brought back with him an interesting story about the attitude of *The Chicago Tribune* on the Sino-Japanese issue.

The Shanghai businessman—who shall be nameless in this editorial—first produced two clippings from *The Tribune*, one an editorial and the other a letter from the "Voice of the People" department on the editorial page. The editorial appeared last December and was headed, "America Versus Japan". The editorial followed traditional lines, long familiar to those who have followed Japanese propaganda in the United States: First, we were facing a critical and uncertain future because of the abrogation of the trade treaty and the possibility that a majority in Congress may decide upon an embargo on war materials destined for Japan. The editorial said that Mr. Roosevelt's views on the Japanese invasion of China "have been aired frequently."

The editorial then said that the State Department, guided by the White House, was not conducting Far Eastern affairs in the interest of the United States, but in the interest of European foreign offices. Both Britain and France had "let us down," leaving the United States to maintain the occidental front against the Japanese. Admitting that American sympathy is with the Chinese, as it was with the Czechs, Poles and Finns, *The Tribune* was of opinion that "better opinion in the United States is that the world must find some solution for its troubles without the intervention of America."

Then followed the assertion that "our own Monroe Doctrine is intended to prevent in the Western Hemisphere precisely what has happened in Asia. The French in Indo-China and the British in Hongkong and in the treaty ports create a situation which we could not tolerate on our own continent."

One wonders whether the editor of *The Chicago Tribune* knows of a case where the United States invaded a South American country in order to preserve the Monroe Doctrine. At the beginning of the first World War, we had good evidence of German intrigue in Mexico and the bandit Pancho Villa made some raids across the Rio Grande into Texas. We finally drove a column into Mexico, but we didn't kill anybody and we didn't take Mexico over, or create any puppet governments in occupied territory "in order to save the country from the German menace." It is admitted that European governments banged at China's ports with their gunboats in the middle of the last century and some of them are still hanging on the fringe of China, but we have yet to meet a single Chinese residing in a European treaty port or Asiatic colony who would trade his status for residence in a Japanese military zone. It is estimated that fully 20,000,000 terrorized Chinese have fled from the beneficent influence of the Japanese "Monroe Doctrine." One may travel all around the continent of Asia from Bering Strait to the Red Sea and with the single exception of Siam (Thailand) one will not find any considerable group of Asiatics who favor the Japanese. As for Siam, the Japanese have spent large sums in that country and allegedly have a military treaty which grants the Nipponese naval and aviation bases for use when Japan embarks on her "southern expansion" in earnest. Also, it is rumored that a Siamese airplane factory is working overtime on orders for Japan, but little Siam is Japan's only friend among the millions of Asia.

So much for the Monroe Doctrine myth. The editorial in the Chicago paper—self-styled the world's greatest—then said that if we embargo Japan's trade that will be a hostile act; that Japan is our third best customer; that we will only injure ourselves; that the Japanese are as certain of their military and naval supremacy in their own zones as we are of our own in our regions. Finally, there was the argument that the embargo—a coercive act—will not force Japan to come to terms with China "but with the occidentals who have exploited China." The concluding sentence was," This will not stop the war in China. It may make one for us."

It is admitted that there are some who think that coercion of Japan will restore the foreigners' "special privileges" in China, but no one who has read the Nine-Power Treaty can believe that seriously. Europeans who didn't think much of the treaty when it was adopted at the Washington Conference (1922) are now its best supporters. It was the fear that China was rapidly becoming politically and economically independent that caused Japan to intervene, first in Manchuria in 1931, and at Peiping and Shanghai and everywhere else in 1937.

When Japanese use the words "Monroe Doctrine," the words do not mean the same as they do when used by Americans. It is strange that *The Chicago Tribune* should be misled by such hocus-pocus.

Now something about the trade element. It is true that Japan is our third best customer, largely due to war orders. It is conceivable that Japan might become our very best foreign customer if we would grant her the facilities and close our eyes to what her warlords are doing in Asia. Give Japan a free hand in Asia for another decade and the Nipponese might well become our best customers for bombers, steel for heavy artillery and military mechanisms, and powder for her bombs and mines. The Japanese are already fortifying the coast and off-shore islands of China—against whom? The Russians have no menacing fleet in these waters.

But we will turn the argument over to Norman H. Birnkrant, executive vice-president of the Detroit Junior Chamber of Commerce. Mr. Birnkrant wrote a letter to *The Tribune* in which he pointed out that the British, French and American "position" in China is based on international treaties with China "which were in the process of orderly evolution and adjustment" prior to the beginning of the Sino-Japanese conflict and that America had been able to obtain the No. 1 position in China's import and export trade as a result of our using the British and French Concessions as bases for residence and trade. The Japanese attack on the British and French positions therefore caused a deterioration of our position, not for the benefit of the Chinese people, but for the benefit of the "bullying Japanese," as Mr. Birnkrant called them. The Detroit Chamber of Commerce executive then pointed out:

". . . that Japan has only very recently reached the position of third best customer of the United States and that, in the 30 years prior to 1931 (when Japan began importing huge amounts of materials to build up her war machine), the excess of purchases from Japan over sales to that country amounted to nearly 2 billion United States dollars. If you add to that figure the amount of US $400,000,000 outstanding on loans to Japan for hydroelectric and other developments, the large net expenditures by American tourists in Japan, the Japanese net freight earnings on cargo shipped from various world markets to America, the sales of Japanese bonds in the United States, and the annual sum of about 20 million United States dollars cash remitted back to Japan by the 300,000 Japanese residents in the United States and Hawaii, and then, if you subtract our favorable trade balance with Japan during the last eight years, the net gain by Japan in her balance of international payments with the United States for the last 38 years amounts to about US$3,500,000,000."

One wonders whether the editor of *The Tribune* was impressed by these authoritative figures, which Mr. Birnkrant said he had obtained from the Department of Commerce at Washington. They indicate that while we may have made some profit on our sales of scrap-iron and cotton to Japan, the Nipponese have been the real profiteers from our trade. If one would examine deeply into the Japanese silk trade with America he probably would find that this product alone has contributed its full quota toward the construction of modern battleships for the Island Empire.

And the editor of *The Tribune* cannot be unaware that it was Japan who abrogated the Naval limitation treaty, and that it was Japan who began building 45,000-ton battleships—forcing us to increase our naval budget by several billions of dollars, eating up all of our profits on the Japanese trade. As the Detroit spokesman pointed out:

"It will be evident that we are suckers if we continue to cooperate with Japan in building up her industrial and military machine for any temporary favorable balance of trade which we may enjoy, due to the military supplies which we contribute to Japan. Altho Japan, as a result of her military needs, is temporarily our third best customer, we are Japan's best customer, taking up to 45 per cent of Japan's annual total exports to world markets, whereas Japan has never taken as much as 10 per cent of our exports in any one year. This year we have supplied Japan about 55 per cent of her war materials, and since the outbreak of the European War, this figure has jumped to about 75 per cent.

"Are we justified in continuing to support Japan's construction of a competitive industrial plant, a competitive merchant marine, and competitive military and naval power at a time when—because of Japan's involved position and inability to obtain military supplies from any other source (she was making great plans for a gigantic soyabean-munitions barter deal with Germany before the war broke out and spoiled it)—we can arrest her threatening industrial and military development by turning off the tap of military supplies, a simple economic move which involves no danger to ourselves?"

This letter, coming from an important business organization in Detroit, is a matter of some significance. Detroit motor manufacturers, Ford and General Motors, have benefitted tremendously from Japan's phenomenal military development, so much so that

both of the large automobile companies established assembly plants in Japan.

But Detroit apparently is willing to forego profits on this war business in the interest of the larger national welfare of the United States.

The *Chicago Tribune* has developed an inexplicable attitude on the China-Japan issue. Prior to the outbreak of the war in Manchuria in 1931, *The Tribune* kept two full-time correspondents in China, one in Peiping and the other in Shanghai. Then one was recalled, and later the other, strangely enough shortly after the beginning of the Japanese invasion in 1937. A travelling correspondent, who visited in Shanghai at the time of the Japanese bombing of the USS Panay, said that Col. McCormick, publisher of *The Tribune*, "no longer considered China of sufficient importance to maintain a correspondent in the country." He did, however, continue to maintain a correspondent in Tokyo, a Japanese named Kimpei Sheba, who continues to this date to write articles on Far Eastern happenings for the perusal of *The Tribune's* weekday and Sunday subscribers.

Recently, when *The Tribune* sent its travelling correspondent on another world trip, he only visited Japan, not China.

A few months ago three residents of Chicago sent *The China Weekly Review* copies of letters they had written *The Tribune* about its lack of China news (aside from that supplied by the press associations or channeled through Mr. Sheba in Tokyo). All three of these letters referred to the fact that the Japanese Government rents an entire floor in the Tribune Building and that Japan's propaganda center in mid-western U.S.A. is maintained there. It is, of course, ridiculous to suggest that a newspaper of the size and standing of *The Chicago Tribune* could be influenced in its editorial policy by the receipt of rent from the Tokyo Foreign Office!

It might be mentioned in this connection that another Chicago newspaper, *The Chicago Daily News*, throughout this period when *The Tribune* was unrepresented here, has maintained one, and part of the time two, full-time correspondents in China and another—an American—in Japan.

No one expects *The Chicago Tribune*, supporter of reactionary domestic politics and isolation in world affairs, to be pro-Chinese or to agree with the Administration in Washington on China policies. China's four hundred millions probably figure very, very small in the daily activities of the "World's Greatest Newspaper." But one would think that the editors of *The Tribune* would not depend solely upon Japanese propaganda pamphlets as a source of editorial information. This was the case in the pro-Japanese editorial it published on Dec. 12 last as all the information on Japanese trade was copied from "Facts on Japanese Trade with the United States," published by the Japan Foreign Trade Bureau, No. 1500 Tribune Tower, Chicago, Illinois.

One can well imagine the feelings of a Chicagoan who receives a propaganda booklet in the mail from a Japanese office in Tribune Tower and then reads the same misinformation in the leading editorial column of his morning newspaper.

The *Chicago Tribune* appears to be worried that President Roosevelt may involve the United States in war with Japan. It advocated the immediate withdrawal of American military forces from China in utter disregard of the fact that they are here solely for the protection of the lives and properties of American citizens. It overlooks or is unaware of the fact that no foreign forces were garrisoned in Shanghai prior to the Japanese intervention. American sailors or marines had been landed on occasion when their presence was necessary, but no one regards them as a permanent institution. They will be the first to go after the Japanese troops are withdrawn and peace has been restored. The *Tribune* is unaware of the fact that the United States was responsible for the introduction of a resolution at the Washington Conference in 1922 whereby the Powers agreed to withdraw their armed forces from Chinese soil. The *Tribune* also opposed the American loans to China—for fear they might get us into war with Japan. Another obsession of the paper is that Roosevelt-Hull policy is only helping Britian and France maintain their "special positions" which the Japanese are trying to eliminate, hence this also may cause us to have trouble with Japan. Of one thing we may assure the editors of *The Tribune*: the Americans in Shanghai—for obvious reasons—do not want war with Japan, but quite unlike *The Tribune*, they do not believe that a policy of sycophancy, scuttle and fear will get us anywhere in preventing one.

Several years ago when gangsterism in Chicago was rampant under Capone and his associates, a distinguished foreign visitor who had spent some time in the Lake City inquired of a prominent Chicagoan what the people planned to do when the gangsters became better armed than the local police. That situation nearly happened in Chicago, but luckily the people realized the seriousness of the menace and acted. Today America and her vital interests in the Pacific—and in America—are menaced because of the arming of military gangsters in the Orient. The arming of these gangsters has been a profitable enterprise and the trade might become even more prosperous—up to a certain point—than Armageddon!

The *Chicago Tribune* apparently favors trafficking with the gangsters!

Right Hand of S.M.C. Doesn't Know What the Left is Doing

IF one considers the recent record of the Shanghai Municipal Council as regards measures for curbing the ever-rising cost of living—much of it due to shameless profiteering and conscienceless racketeering—one can hardly fail to get the impression that the right hand of the Council moves in blithe ignorance of what its left hand is doing.

Here is the latest case in point: Last Sunday the S.M.C. issued one of those impressive communiques in which—for the umpteenth time—dire consequences are threatened for profiteers. The very same day it was announced that the China General Omnibus Company, which holds a monopolistic franchise for bus transportation in the International Settlement, would increase its fares by an average of 45 per cent. Not 10, 15, 20, 30 or 35 per cent, mark you, but a cool *average* of 45 per cent!—which means that the increase in some cases will be well above that percentage. The Council, of course, sanctioned this increase.

The Company makes reference to the increased cost of tires, oil and construction materials and the recent wage increase granted to its employees (the latter was reported to be 30 per cent). The fact remains, however, that the bus company, despite the loss of Hongkew as a field of operations, has carried more passengers and taken more money in fares since the 1937 hostilities than it ever did before. Last year's working constituted an all-time record in these respects and the Company earned, in Chinese currency, an enormous profit.

If the Council's supposed attempts to check the upward flight of living costs are something more than a mere gesture designed to deceive the public into believing that something is really going to be done, why has it permitted the bus company this utterly fantastic increase in fares? Why is the Council always so ready to accomodate big business at the expense of the overburdened people of this city? We have yet to discover a single case in which one of the public utilities has been refused a request for additional revenues, regardless of how the public weal is affected. This 45 per cent is going to hit the poorer section of the city's population and no one else. But this nameless, voiceless mass—what do the taipans on the S.M.C. care about them?

"The "secret" of the matter is very easily exposed. The public utility taipans are represented on the Council, directly or indirectly. They *are* the Council. So why shouldn't they vote themselves increased earnings! And when the public displays restiveness over rising living costs, take a slap, or pretend to take a slap, at that amorphous class of shopkeepers who may be profiteering to the extent of a few cents, or even a dollar or two, on food, clothing and such-like necessities!

The public utility companies, like the pivot boys on the Council, insist on reckoning their earnings in foreign currencies although all their business with the Shanghai public is transacted in Chinese currency. If, for example, profits are up 50 per cent this year as compared with last, but the Chinese dollar depreciates 75 per cent in terms of foreign currency, they'll figure they've taken a loss.

This insistence on foreign currency reckoning may very well lead, in time, to a situation in which the public utilities will be charging so much for their services in Chinese currency that very few will be able to use them. People will have to go without electric light, water, bus rides and tram rides, for the cost will be beyond their means.

There is one way, and one way only, out of this rotten situation. The public utilities should be told in the plainest of plain language that they will not be allowed to levy charges which are beyond the capacity of the people's purse. They must be content with a reasonable profit calculated—not in pounds sterling or United States dollars!—but in home-grown Chinese currency.

An ideal way to solve this situation would be for the Municipality to take the buses over and operate them on a non-profit basis for the benefit of the people of the city. But this method, of course, would be impossible in view of the condition of near-bankruptcy of the S.M.C. There is, however, another way of meeting this situation. Revoke the monopoly clause in the Omnibus Company's franchise and permit a competing concern to enter the field. Or, permit cruising taxis to operate in the Settlement. We venture that either of these proposals would quickly cause the directors of the Omnibus Company to forego the 45% increase in fares.

P.S.—We'll wager that the Japanese or Chinese could run a bus service in the Settlement, with imported vehicles and all the rest, and with the local labor force getting its present remuneration, and still show a handsome profit in Chinese currency or Japanese yen, while charging reasonable fares. Here's something the S.M.C. and the bus company might ponder over.

Military Situation in Norway Obscured by Clouds of Propaganda; Germans Hold Principal Ports

U. S. WILL ENTER WAR WITHIN ONE YEAR, EXPERTS SAY

The United States will enter World War II within the coming twelve months regardless of the outcome of the Presidential elections, according to military experts in Washington, who were quoted April 16 by Jay Franklin, Washington correspondent of the New York Post. These experts, the correspondent stated, are more convinced than ever that United States' participation in the war is inevitable. "Interventionist winds are blowing across the United States as a result of the reaction of American public opinion to the invasion of Norway and Denmark by Hitler," the correspondent declared.

Speaking before the Governing Board of the Pan-American Union on April 15, 50th anniversary of the founding of the Union, President Roosevelt warned aggressor nations that the 21 American Republics were prepared to meet force with force. "Whoever touches one of us," he declared, "touches all of us....We need no new international order in this hemisphere, because we have already found it." The American republics, he added, taking a tilt at Nazi Germany and Stalinist Russia, have found a new order "without inventing absurd doctrines of race supremacy or claims to dictatorship through universal revolution."

BECAUSE of the welter of propaganda on both the German and Allied sides, each seeking to belittle the achievements of the other, it is exceedingly difficult to gain a clear picture of the military situation as regards the Scandinavian peninsula, newest theater of the war in Europe. It seems indisputable that Germany is in effective control of Denmark and of Norway's principal port cities—Stavanger, Bergen, Trondhejm and Narvik—and that German troops have succeeded in advancing inland from these points. The German troops are being met with resistance from Norwegian forces. At this writing, however, there is nothing to indicate the effectiveness of this resistance and there are grounds for believing German claims that it is negligible—which would not be surprising in view of the fact that there is a division of opinion within the country as to the wisdom of opposing the German occupation and that a puppet government has challenged the authority of the legitimate regime right from the commencement of the German action. The legitimate government declared war on Germany, but the puppet government, established in Oslo, is doing all in its power to facilitate the German invasion.

Official quarters in Berlin announced Apr. 15 that Germany henceforth will use the Norwegian coast as a base for aerial and submarine attacks against the British Isles, thus setting aside an earlier German statement that Norway and Denmark had merely been taken under German protection and would not be used for offensive operations. German officials, according to *United Press*, said that British aerial and naval attacks against German-occupied cities in Norway had released Germany from this pledge, adding that "it would be against the interests of Norway if we did not use her bases for retaliation."

A joint communique issued by the British Admiralty and War Office on Apr. 15 announced that British forces had landed at several points in Norway, but only one point of landing was specified. The Germans admit that landings may have been made, but assert that no British troops have gone ashore in the vicinity of the cities which they control. London claimed that British troops had landed at Narvik, the northern port from which Swedish iron ores were shipped to Germany, and predicted that the port would be captured at almost any moment. Berlin scouted this claim.

Jibe and counter-jibe, claim and counter-claim, have been the features of press dispatches and official statements regarding the outcome of the naval engagements fought in Norwegian waters during and immediately after the German invasion of Denmark and Norway. According to London, the Germans lost more than 30 vessels, warships and transports, as a result of British action. Among the German warships sent to the bottom, it was claimed, were four cruisers, eight destroyers and one submarine. The pocket battleship Admiral Von

Working on the Cut-Out Valve

Orr in the Chicago Tribune

Scheer was named as one of Germany's naval casualties. Summing up British claims on Wednesday of this week, the *North-China Daily News* estimated that Germany's effective naval strength was now no more than one battle cruiser, possibly one pocket battleship, one light cruiser, eleven destroyers and about half the number of submarines with which she entered the war. Berlin, it may be remarked, has been rather reticent on the subject of German naval losses. Britain has admitted the loss of four warships, France none.

British warships are patrolling the minefields laid along the Norwegian coast just prior to Germany's action in Scandinavia and it is even claimed that British mines have been laid in the Skagerrak, entrance to the Baltic. Berlin laughs at this latter claim. It does seem, however, that the cordon of Allied warships and mines around the Norwegian coast, unless it can be effectively broken, will deprive Germany of freedom of movement in and out of her new conquests. If Swedish iron is to reach German blast furnaces, it will have to go by another route, for Narvik is blockaded. Germany, it is to be expected, will seek an alternate route for these exports,

through Sweden. It is this, among other things, that places Sweden's neutrality in peril of early liquidation.

M. Paul Reynaud, the French Premier, announced the results of Allied naval operations off Norway in the Chamber of Deputies on Apr. 11. The British lost only four warships and the French none, he declared, adding that Germany's initial success had proved to be an immense strategical blunder. "Germany, who needs steel to attack us, now presents us with a picture of a sortie by a beleaguered garrison. After leaping on Denmark she hurled herself at Norway, believing she would not meet more resistance than from Austria in 1938. Instead she met resistance like that of Belgium in 1914."

"SH-HH-SS-HH" in Britain

Kansas City Star

A jibe at the British was taken Apr. 15 by Count L. Mirbach-Geldern, secretary of the German Embassy in Tokyo, according to a *Domei* report. Germany, he said, had made preparations long in advance to counteract any move the Allies might make to establish themselves in Norway. "Our general staff, like the general staff of any other country, had to envisage any possible action that the enemy might take. So in our so-called invasion of Denmark and Norway we are not pleading our case on whether one side or the other had moral grounds to do so, but rather on the ground that our general staff was more efficient than the British. I can safely say that if our general staff, knowing the plans of the British, had failed to take counter-measures, it certainly would have been dismissed in disgrace. For that reason we cannot understand why the British have not done the same with their general staff, which was undoubtedly caught napping and permitted us to beat them at their own game."

An obvious and important Allied gain has been the acquisition of a large number of Danish and Norwegian merchant ships which have been seized in British ports all over the world (including Hongkong, whose quota is discussed elsewhere in this issue). The *New York Times* estimated that Britain's entire loss of merchant tonnage since the war began has thus been more than made good.

The Board of Trade in London issued an order on Apr. 13 banning the exportation, except under licanse, of all goods to Denmark, Esthonia, Finland, Latvia, Lithuania, Norway, Sweden and Russian ports on the Baltic and Arctic seas.

In a broadcast from London the following day, a British general, once military attache in Oslo, gave advice to Norwegians on the best methods of checking the German advance in their country. "Allied help is coming and coming quickly. Hold out!" he declared, urging the Norwegians to (1) bring detailed information to the nearest Norwegian or British headquarters about movements of German troops, ships and aircraft; (2) cut telephone lines under instructions from Allied commanders; (3) block roads from German-occupied districts by felling trees and destroying bridges; (4) remove carts, trucks, buses, cars and horses from the invaders' reach; (5) cooperate in the destruction of the railways from the bases the enemy has occupied.

ROOSEVELT CONDEMNS GERMAN INVASION OF SCANDINAVIA

President Roosevelt, in a statement on April 13, condemned the German invasion of Denmark and Norway as an "unlawful exercise of force." He declared that "force and military aggression are once more on the march against small nations, in this instance through the invasion of Norway and Denmark. . . . The Government of the United States has, on the occasion of recent invasions, strongly expressed its disapprobation of such unlawful exercise of force. It here reiterates with undiminished emphasis its point of view as expressed on those occasions. If civilization is to survive, the rights of smaller nations to independence, territorial integrity and unimpeded opportunity for self-government must be respected by their more powerful neighbors."

The President issued a proclamation extending the combat zones defined in the Neutrality Act to all waters adjacent to the Scandinavian peninsula and to certain Soviet harbors on the Arctic. The only points where American ships can touch in Europe now are Portugal, northern Spain and neutral ports in the Mediterranean.

According to the State Department, American long-term investments menaced by the German invasion of Scandinavia amount to about $125,000,000 in the case of Denmark, $115,000,000 in the case of Norway and $42,500,000 in the case of Sweden. The Department also announced that arrangements have been made to evacuate all American citizens from Scandinavian countries, the route being through Sweden, Denmark, Germany and Italy to Genoa where they would embark, thus obviating the necessity of sending American ships to the Scandinavian coast. There was reported to be a total of 3,371 Americans in Norway, Denmark and Sweden. Only those so desiring will be evacuated.

Sweden's peril was emphasized in a radio broadcast on Apr. 12 by the Swedish Premier, Per Albin Hansson. "We have done everything to preserve our neutrality," he declared, "and we hope to be able to maintain our independence by our own free will and action. We cannot allow any country to use our territory for its own interests. Fortunately we have received no such request, but if it were to come we would be compelled to reject it." This statement followed a flood of rumors, prominent among which was an assertion that Germany had presented Stockholm with an ultimatum demanding that Sweden permit Germany to use her territory for transporting troops to Norway.

Holland is in an equally precarious situation. Germany has warned that she will move against Holland instantly if she receives positive proof of Allied intentions to invade the country. The London correspondent of *Domei* reported Apr. 15 that there were reports from Amsterdam of a possible *coup d'etat* by 20,000 Dutch storm troopers, "standing by with sealed orders which will be opened and acted upon as soon as final instructions are received from Berlin." Secret arsenals were alleged to exist throughout Holland in preparation for a pro-Nazi putsch. Meanwhile, according to a *United Press* report from Paris on Apr. 13, the Allied fleets have laid mines between the territorial waters of Germany and The Netherlands in order to prevent German ships from proceeding to Holland.

According to a *Domei* report from London on Apr. 15, neutral Balkan countries are gripped with fear as a result of progress in negotiations said to be taking place between Berlin, Rome and Moscow. It was believed that Soviet Russia intended to obtain a "peaceful solution" of the Bessarabian question, while Germany would seek to bend Rumania entirely to her own requirements, with Italy trying to take Yugoslavia under her protection, the report said.

The Petsamo region in northern Finland, important

for its nickel mines, was returned to Finnish control by the Red Army on Apr. 13, in accordance with the Soviet-Finnish peace treaty. After the Soviet troops had withdrawn, the Finnish general staff announced that the Arctic waters off Petsama had been mined and warned foreign ships that pilots would not be available.

Stockholm press reports to the effect that the German ambassador in Moscow had requested the Soviet Government to allow German troops to proceed to Norway across Soviet territory were denied in both Berlin and Moscow. A report in the London *Daily Telegraph* that German troops, already in Murmansk, were to be transported to Narvik, was denied by the Soviet *Tass* agency, which said: "This information in no way corresponds to facts and is a provocative invention."

"SH-HH-SS-HH" in Germany

Haagsche Post, The Hague

Three Germans in a restaurant: No. 1 sighed. No. 2. sighed. No. 3 said, "Now Gentlemen, please let's not talk politics."

The possibility that Italy may soon descend from her neutral perch was seen in several press reports this week. The Italian press has been unstinting in its praise of Germany's Scandinavian *blitzkrieg*. The French *Havas* agency, in a dispatch from Rome on Apr. 15, complained that "German 'successes' in the far north were played up once again in the Italian press today and the general impression to be obtained from the newspapers is that the Nazis have gained a brilliant victory over Allied forces in Scandinavian waters. Norwegian resistance is minimized and nothing at all is said about King Haakon's staunch attitude against Germany (the King has since fled to Sweden). Italian newspapers also report 'German victories on the Western Front' and military correspondents vie with each other in praising German military operations and decrying 'Allied failures.'"

The leading Rome newspaper *Popolo d'Italia* wrote on Apr. 14: "Following a diplomatic and then a military failure in Poland, the Allied Powers have now sustained their third defeat. It would have been much wiser for the Allies to have refrained from touching the delicate lever of the European equilibrium by their action in northern Europe. Certainly it was not profitable to initiate a new adventure on land after the high commands of both Britain and France had admitted that Germany was superior in land forces . . . Time is working in favor of those who first secured their foothold and hence can now prevent the landings of others."

And this from the *Regime Fascista*: "Denmark and Norway should be a lesson. Britain should know by now that since the outbreak of the war Germany has always maintained the initiative and has given proof of her determination and audacity, while her opponents have shown superiority only in announcing impending battles and coercive measures against neutrals."

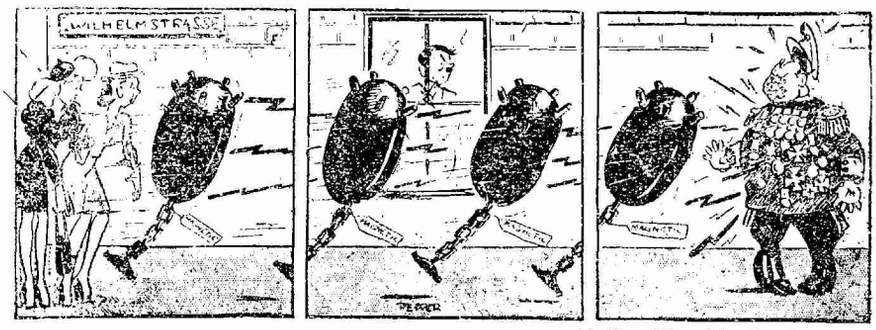
The first and second Italian naval squadrons embarked on spring maneuvers at the beginning of this week. Diplomatic circles in Rome, *Reuter* reported, regarded these movements as a measure to assist Germany by warning the Allies that the Mediterranean cannot be depleted of units to reinforce those in the North Sea.

Mr. Neville Chamberlain, British Prime Minister, revealed on Apr. 16, according to a *United Press* dispatch from London, that he does not intend to resign until after the Allies have gained a complete victory over Germany. He made this statement in a speech before the National Free Church Council, the agency said. Addressing the Birmingham Unionist Association on Apr. 12, Mr. Chamberlain said: "We are in good heart and spirit, assured of victory even though we have to wait for it, for when the British people take hold they do not let go."

For denouncing Germany's action in Scandinavia, Col. Felix von Eichhorn, Staff Officer of the 7th Department of the German War Ministry, was shot Apr. 9 upon the order of Chancellor Hitler, according to a report in *Le Petit Parisien*. Col. von Eichhorn, the paper said, condemned the invasion of Scandinavia as a "self-blockade" of the Reich which would cause the destruction of the latter's war economy. He was arrested, taken to Moabit Prison, and shot.

The one humorous story to come out of the Scandinavian embroglio thus far was the arrest of Gerald Romilly, British journalist and a nephew of Winston Churchill, First Lord of the Admiralty, who was taken prisoner by German soldiers in Narvik when that city was captured. Mr. Romilly, according to German reports, had written an imaginative account of a British landing at Narvik in anticipation of such an event, with full and vivid descriptions of the march-in of various Allied regiments. The Germans nabbed Mr. Romilly and his manuscript in a Narvik hotel. Mr. Romilly, they said, was quite upset when about to be captured and excitedly fired two shots from a revolver, one of which slightly wounded the hotel boy.

New Danger from Magnetic Mines



Daily Herald, London

British cartoon depicts predicament of Field-Marshal Hermann Goering when he inadvertently walks into a room where new-style magnetic mines are stored.

Chinese Bomb Yochow, Nanking, Canton; Nanchang Said Besieged

CHINA'S reconstructed air force has gone into action on widely-separated fronts lately, attacking Japanese positions at Yochow on the shore of Tungting Lake in northern Hunan; Nanking, seat of the puppet Wang Ching-wei government, and Canton.

According to an official announcement in Chungking, Chinese raiders dropped bombs on Yochow on Apr. 12, seriously damaging the railway station (the lake city is on the Canton-Hankow Railway) and a number of Japanese military warehouses. Damage was also said to have been inflicted on a concentration of Japanese warships operating on Tungting Lake. Japanese anti-aircraft fire proved ineffectual, it was claimed and all Chinese planes returned safely to their base.

Two Said Shot Down

Japanese denied this latter claim, a *Domei* dispatch from Hankow asserting that two of 16 Chinese bombers were shot down. The aerial bombs, it was further stated, dropped in the fields near Yochow and killed four Chinese farmers, injured five others. No mention was made of damage to military objectives.

An alleged Chinese raid on Nanking was reported in the local *Chinese-American Daily News*. The raid took place on Apr. 9, the paper said, but only two bombs were dropped. One was said to have landed on Tiaoyu-hang, killing a number of people, while the other was dropped in open country. Japanese military reports made no mention of this reported "raid."

The alleged raid on Canton took place on Apr. 6, according to the *National Herald*, a Shanghai Chinese newspaper. Ten Chinese bombers dropped more than 20 bombs, it was stated, five of them landing on Tienho and "killing a number of Japanese troops." Three of the raiders then flew over the Feichawei Forts and damaged nearby Japanese warships, it was claimed. The report went on to describe an aerial battle between the Chinese raiders and Japanese naval planes. Two Japanese planes were shot down, but all Chinese machines returned safely to their base, it was stated.

Four Fliers Killed

A *Domei* report on Apr. 11 announced that four Japanese army fliers were killed after bombing a bridge on the Chekiang-Kiangsi Railway on Apr. 7. Their machine was crippled by Chinese anti-aircraft fire, the report said, and crashed after managing to remain aloft for nearly two hours. The dead were Special Sergeant-Major Gunkichi Ushiromoto, Sergeant-Major Isao Miyazaki, Sergeant-Major Mitsuo Nonaka and Sergeant-Major Haruo Nakahata.

Apart from aerial activity, Nanchang, capital of Kiangsi Province, has made the most military news in China during the past week. According to a *Kuo Min* report on Apr. 14, Chinese troops have laid siege to the city, operating along both banks of the Kan River. Other Chinese reports claim that trained Chinese forces are closing in on the city from five directions. The Japanese are said to be rushing reinforcements to the scene to prevent capture of the city by the assaulting troops.

Well-informed Chinese quarters in Chungking, quoted in a *Reuter* dispatch on Apr. 12, declared that Japanese forces on all the China fronts are shortening their lines, particularly in western Suiyuan, southern Kwangsi, central Hupeh and the area in the vicinity of Nanchang. From this it is concluded that no major Japanese offensive on any front may be expected in the near future. The view was expressed that the Japanese are likely to concentrate their efforts on a political and economic offensive, particularly on endeavors to win over large numbers of Chinese to the Wang Ching-wei regime at Nanking.

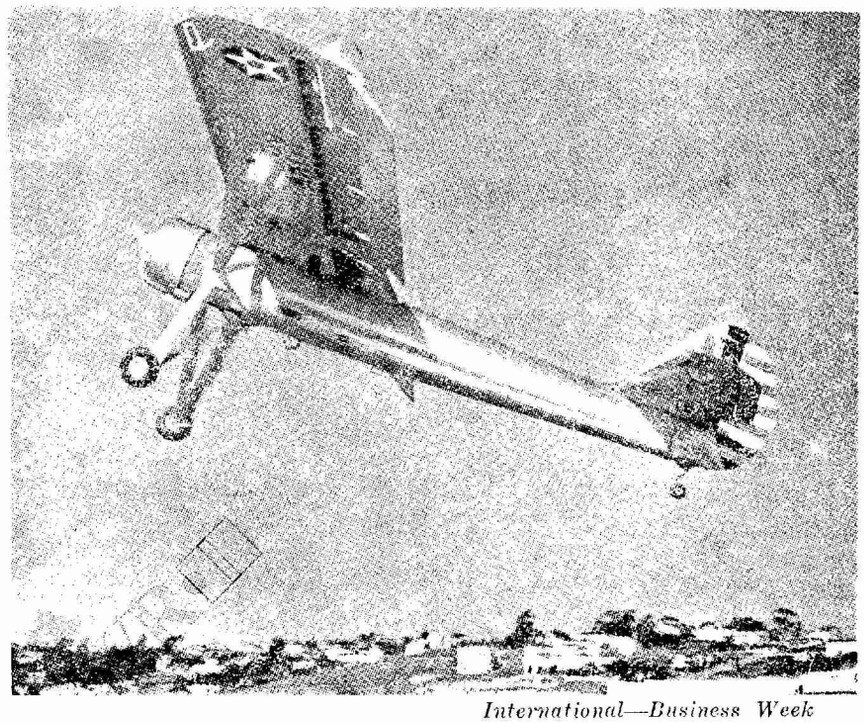
The *Sin Wan Pao* reported on Apr. 10 that according to information received from Chinese military authorities, the Japanese Army, copying the Soviet and German technique, has been dropping soldiers behind the Chinese lines by parachute, while planes are being used to convey troops rapidly to the fronts. Schools are said to have been established in Nanking, Hankow and elsewhere to train Japanese soldiers for the kind of fighting necessary in "parachute warfare."

Conscription Now Being Enforced in Manchukuo

The youth of Japan's puppet state of Manchukuo became liable for compulsory military service on Apr. 11 with the promulgation of a conscription law at Hsinking, *Domei* reported. All male subjects who are 19 years old will have to report in November for military examination. Those who pass the physical and educational tests will enter barracks for training on June 1, 1941. The period of enlistment will be three years, with no obligation to serve in the Army Reserve being imposed on conscripts for the time being.

The *Domei* report on the subject added the interesting comment: "The introduction of conscription, which will make soldiering a respected form of service to the State, will strike at the roots of a popular feeling against military duty introduced into Manchuria from China. This sentiment is epitomized in the saying: 'Good iron is not used for nails; good men do not become soldiers.'"

The Flying Motorcycle



International—Business Week

The new "motorcycle" plane recently completed by the Ryan Aeronautical Company for the U. S. Army Air Corps. The plane can take off and land in a small space and has high speed, but also can "hover" in mid-air. It has a 50-ft. wing with flaps so broad as to serve as a "retractable wing."

Badlands Gang Runner Confesses Role in Court

An innocent-looking Chinese youth, arrested by a detective of the Shanghai Municipal Police on the night of Apr. 12, later confessed in the First Special District Court that he had been engaged in transporting arms into the Settlement for gangsters operating from the Badlands in the Western District. Four hand grenades were found in his possession when he was arrested and he told the police that he had been paid $20 by gangsters for conveying them into the Settlement.

Powers Deeply Involved in China Conflict, Says Japanese Scribe

BY TOYOHIKO MASUDA

Editorial Writer of the Tokyo Asahi

THAT the China Affair is not a mere conflict between Japan and China, but is essentially connected with far-reaching complications in the relations between Japan and third Powers, is a fact which hardly needs explanation. This is, needless to say, due to the semi-colonial status of China.

As for the attitude of third Powers towards Far Eastern affairs, Italy has been continuously extending support to Japan's claims in China in a most straightforward manner, since the very start of the present hostilities. Germany, too, has shown the same sympathetic attitude toward Japan, though it is far more obscure than that shown by Italy. The Soviet Union has interfered in the China Affair in two ways: by extending, on the one hand, a considerably positive assistance to the anti-Japanese influences in China, especially to the Chinese Communist Party, while on the other checking Japan's actions in China by frequently instigating issues on the Manchukuo-Soviet frontiers. Last but not least, the three democratic states—Britain, the United States and France—have been engaged, either individually or in cooperation, in various activities for aiding the anti-Japanese regime and restraining Japan's actions, such as the supply of arms and munitions, the extension of loans, etc.

British Action Undisguised

Of the three democracies, Britain has been most undisguised in its activities in aiding China and checking Japan; France has constantly followed in the wake of Britain; and the United States has assumed an attitude far more prudent than what it took at the time of the Manchurian Incident of 1931. The Soviet attitude toward the Sino-Japanese conflict has also been very positive. However, the attitudes of these third Powers have from time to time undergone acute and remarkable changes with the progress of the China affair and the rapidly changing situation in the world, this being especially so since the outbreak of the European War last September.

Britain, which has been forced to devote all its forces to the war with Germany, has been finding itself unable to pay much attention to Far Eastern affairs. The result is the compromising attitude assumed by Britain toward Japan, illustrations of which may be found in the withdrawal of its troops from China, the appearance of a conciliatory stand on the much-disputed issue of delivery of silver bullion in the British settlement in Tientsin, and its remarkable concession in returning to Japan nine of the twenty-one Germans seized on board the Asama Maru.

The French attitude, which may be viewed in the same light as that of Britain, has also undergone considerably remarkable changes since the outbreak of the European War.

Moscow and Tokyo

The Soviet Union is no exception to the general rule. Since the conclusion of the Nomonhan truce last September, immediately before the Soviet forces' invasion of Poland, considerable efforts were exerted by the Moscow Government for the readjustment of its relations with Japan, of which should be mentioned the conclusion of a *modus vivendi* on the fishery question, the establishment of a border demarcation commission between Manchukuo and Outer Mongolia, and the opening of negotiations for a treaty of commerce. All this suggests the conciliatory attitude of Soviet Russia, which had been giving free rein to its activities thwarting Japan's actions.

Since, however, the conclusion of the German-Soviet Non-Aggression Pact last summer, it is undeniable that the influence of Germany, one of Japan's anti-Comintern partners, has come to be less felt in Far Eastern affairs.

Italy, which remains uninvolved in the European War and retains fredom of action, has been assuming unchangingly a sympathetic attitude toward Japan. The depth of its understanding of Japan's stand has been eloquently revealed in the sincere encouragement it recently gave to Wang Ching-wei in his efforts for establishment of a new central regime in China.

Most remarkable are, however, the changes that have taken place in the attitude of the United States, which in the earlier stages of the China Affair refused to be persuaded to take common action against Japan with Britain and France. Last July it notified Japan of the sudden abrogation of the Japanese-American Treaty of Commerce and Navigation, thereby backing up the weak-kneed Britain in the Anglo-Japanese negotiations on the Tientsin issues; in October of the same year American Ambassador Joseph C. Grew, who had returned from furlough to the United States, delivered at a reception given in his honor by the America-Japan Society a speech boldly denouncing Japan's actions in China; and last December the gesture taken by Foreign Minister Nomura to declare the opening of the Yangtsze and Pearl rivers to navigation failed to induce any favorable response from the United States. Thus, in spite of Japan's sincere desire, the United States has taken no steps to conclude a new commercial treaty or even a *modus vivendi* with Japan, leaving the relations between the two countries in treatyless condition.

Wang's Peace Appeal

Cartoon from Chungking paper depicts Wang Ching-wei, as a "running dog" of Japanese militarism, perched on a Japanese cannon, appealing to his countrymen to make peace with Japan so that China might again become prosperous.

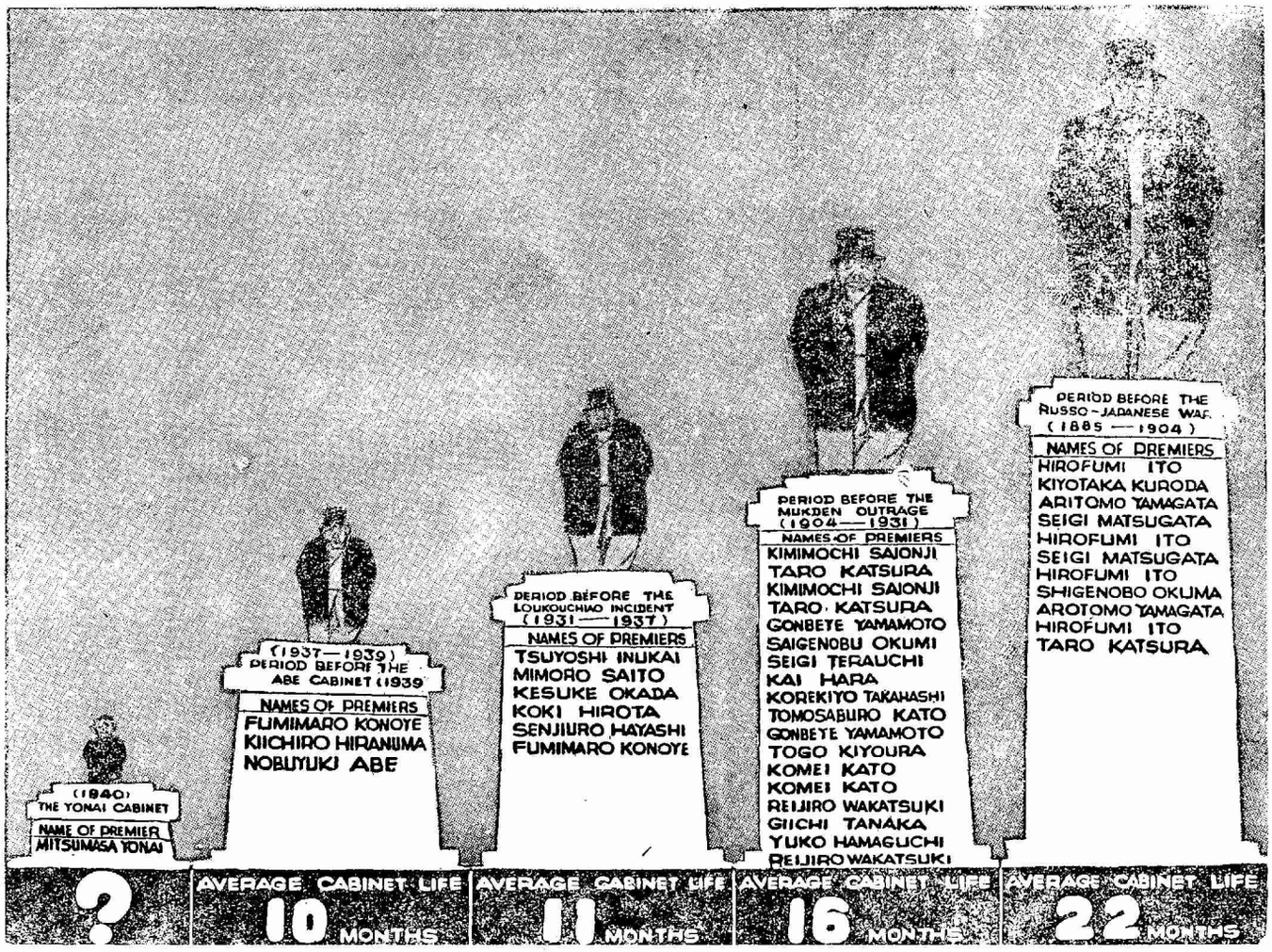
U.S. Naval Expansion

Furthermore, it threatens to enforce at any time economic sanctions on Japan, even though the Pittman Bill for empowering the President to impose embargoes on commerce with Japan has been suspended from discussion in Congress. With an intention to bring pressure by force to bear upon Japan, the United States is now planning a huge expansion of its navy, on top of its already fixed program under the 1st and 2nd Vinson bills. Very recently, moreover, it has extended a loan of 20 million dollars to the Chiang Kai-shek regime.

It is a patent fact that the road to a satisfactory settlement of the China Affair lies in the readjustment of Japan's relations with third Powers, especially with the United States, whose attitude constitutes the greatest impediment to its program in China. The first importance, therefore, must be laid on the adjustment of the relations between the United States and Japan as well as the Wang Ching-wei regime.

In a sense, the American attitude, stiffened of late, represents the interests of Britain and France in Far Eastern affairs. This is because America entertains a strong suspicion that unless some one keeps watching and checking Japan's actions in that sphere, there is no telling what Japan will do. It is this same suspicion which forces the United States to stick to the Nine-Power Pact and persist in the principles of the Open Door and Equal Opportunity. Unless, therefore, this misgiving has been completely expelled, it will be well-nigh impossible to readjust Japanese-American relations on a sound basis, even if all the pending issues, number-

Comparative Length of Life of Japanese Cabinets



China Information Committee

ing more than 200 in connection with American interests in China, should be brought to settlement.

On the other hand, Japan's foreign relations will be coincided in nature with those to be formed by the new Central Government under Wang Ching-wei with third Powers, because "friendly relations with Japan and common defense against Communism" constitutes the keynote of its foreign policy, which has recently been declared by Mr. Wang to be fundamentally in line with Japan's.

There is, however, only Italy, except Japan, at present, which assumes a sympathetic attitude towards the projected new Central Regime in China, extending positive support to it. It would not be very difficult for it, when officially established, to obtain recognition from that country, but all the other countries, especially the United States, will not be easily induced to do so. It is true that having most of their interests in the areas falling under the jurisdiction of the new regime, those countries will, willingly or unwillingly, come to have some connections or other with it. But to form such connections with the new regime does not necessarily mean to extend recognition to it.

Positive and Negative

The readjustment of relations with third Powers may be considered at least in two ways, positive and negative. To lead third Powers to the realization of the advantage of establishing friendly relations with Japan as well as the new regime constitutes the negative side of the problem. It is in this light that the perfection and strengthening, in form and substance, of the new regime are so strongly urged.

The positive side is to deprive the Powers of a pretext for applying pressure to Japan and for interfering with the construction of a new order in East Asia. Taking the United States, for example, the large number of Chinese issues between Japan and that country should be settled, since it will serve to extinguish the pretext for meddling with Japan's program, even if it may not completely dispel the ill-feeling it harbors against Japan. The same formula may be applied to all the other Powers acting against it. As for the Soviet Union, Japan should deal with it in light of one of the primary objects of the China Affair, which is to guard against Communism.

On the other hand, efforts must be redoubled for leading such countries as Italy, which has already shown sympathy for the Wang regime, to positive cooperation in the creation of the East Asiatic New Order.

The readjustment of relations with third Powers, especially with the United States which is offering various obstacles to the satisfactory disposal of the China Affair, is beyond doubt a task of extreme difficulty. This is, however, due to the complicated nature of the Affair, which is essentially international. In order to attain the object of the Affair and construct the new order in East Asia, Japan must surmount the difficulty, no matter how great and insuperable it may be, with an indomitable spirit. Mere high-sounding words, vain desperate attitude, and fruitless agitation will not be the way to the achievement of the great task borne by the Japanese.

Yu Ya-ching Arranging Philanthropic Rice Buy

Yu Ya-ching, well-known Chinese member of the Shanghai Municipal Council and prominent as a shipping magnate and rice merchant, is reportedly preparing to mortgage his real estate holdings in Shanghai—valued at about $1,500,000—to enable him to purchase rice and distribute it cheaply to the people of his native district, San Peh, in Chekiang Province. This was according to a local press report early this week. He proposes to raise $1,000,000 by mortgage, and has asked the Joint Office of the four Chinese Government banks to advance another $500,000 for rice purchases, a request for the latter sum having been telegraphed to Gen. Chiang Kai-shek who is chairman of the Joint Office, the report said.

Puppet Regime Prepares to Receive Tokyo Envoy, Fulfill Secret Agreements with Japanese

WANG Ching-wei's recent visits to North and South China and the impending arrival of Gen. Nobuyuki Abe in Nanking were the principal developments in Wang-Japanese politics last week. The two developments are closely related to each other and both aim at the same objective, namely, futherance of Japan's political plans in China. A third item of interest was the announcement by Nanking that it is planning to establish a "Central Bank" of its own.

Little explanation has come from Nanking regarding the purpose of the hurried visits Wang lately paid to Peiping, Kalgan and Canton. The assertion by Wang's press service that those trips were made in order to investigate political situation and the hardships of the people in the three areas seems hardly convincing. The real purpose, as one can easily discover by a glance at the Wang-Japanese secret agreement (text of which was printed in the Feb. 3 issue of *The Review*), was to carry out his commitments to the Japanese.

The North China Trip

So far as Wang's trips to Peiping and Kalgan were concerned, the agreement is especially enlightening, for it distinctly provides that the new Nanking regime is to recognize the special status of North China as a "zone for close Sino-Japanese co-operation" and the special position of Inner Mongolia in both military and political spheres as an autonomous anti-Communist area. It is, therefore, quite likely that Wang during his visit in Peiping confirmed the special status of the new Peiping administration in talks with Wang Keh-min, head of that administration. In Kalgan, Wang probably signed a written agreement with Prince Teh, head of the Mongolian puppet regime, "recognizing the anti-Communist and autonomous character of the Mongolian Federal Autonomous Government as a *fait accompli*," as provided in Section III of the Annex to the Wang-Japanese secret agreement.

During his brief visit to Canton, Wang apparently also had a special mission to perform besides speech-making, for his secret agreement with the Japanese provides that an administrative organ is to be established on Hainan Island for the administration of the islands off the South China coast specially designated by Japan. This organ, the agreement further provides, shall carry out demands based on Japan's special position on Hainan, including affairs arising from the stationing of Japanese troops, affairs relating to utilization and exploitation of natural resources, and affairs relating to communications and sea navigation.

Conferred with Tada

A significant point in connection with Wang's visit in Peiping was his conference with Gen. Hayao Tada, commander-in-chief of the Japanese forces in North China, soon after his return from Kalgan. The report, carried by *Domei*, did not, however, disclose the subject discussed between them. Before returning to Nanking, Wang made a broadcast speech in Peiping entitled "Peace and Anti-Communism." Said Wang: "By peace we mean Sino-Japanese peace, for only with peace between China and Japan can there be peace in East Asia and the foundation for world-wide peace laid."

Wang's visit to Canton lasted about two days. He flew there on April 12 and returned to Nanking on April 14. Immediately after arrival Wang together with Peng Tung-yuan, the puppet mayor of Canton, drove to the headquarters of Gen. Rikichi Ando, commander-in-chief of the Japanese forces in South China and of Vice-Admiral Jiro Takasu, commander-in-chief of the Japanese South China Seas Fleet. During his interviews with the two high Japanese officers, *Domei* reported, Wang expressed appreciation for the support given his administration by the Japanese military and naval forces and solicited their future cooperation.

Addressing Japanese and Chinese newspapermen in Canton on April 13, Wang expressed confidence in the success of the movement for peace between China and Japan. He said he must emphasize that the peace movement should be realized through Sino-Japanese cooperation. In a radio broadcast addressed especially to overseas Chinese residing in the South Sea Islands, Wang discussed the development of his movement for peace and national reconstruction. He blamed Chungking for the continuance of fighting in South China. Referring to the peace movement, he asserted that it had made another step forward with the "return of the National Government to its capital in Nanking" and complete success would be achieved in the near future. He rounded up his speech with the appal: "In our capacity as Cantonese, we must do our best to rehabilitate Kwangtung Province."

A new Kwangtung regime was said to have been planned during Wang's brief stay in Canton. Peng Tung-yuen, the puppet mayor of Canton, according to *Reuter*, will probably be given an "Irish promotion" by being given a post in Nanking, while Chen Yao-tsu, Wagn's brother-in-law, is to be made governor of Japanese-occupied Kwangtung.

An amusing item in connection with Peiping's celebration of the new Wang Ching-wei government, held on April 14, 15 and 16, was a beauty contest for sing-song girls in the old capital. How well-meaning the Peiping puppet officials may be, the event appears to have a cynical connotation. It was highly symbolical of the rivalry among the various groups of puppets for the favor of the Japanese.

The forthcoming arrival in Nanking of Gen. Noboyuke Abe, Japan's Ambassador Plenipotentiary to the Wang Ching-wei government, will be an event of considerable importance, for Gen. Abe is the bearer of the Japanese Army's instructions to Wang and his regime and is also charged with the mission of seeing them executed. The fact that important conferences of high Japanese military leaders were held in

Soong Sisters Visit War Orphans

Photos by Thomas Kwang

The three Soong sisters arrived in Chungking March 31 and soon thereafter made a round of war orphanages established by Madame Chiang Kai-shek, as shown in the picture. Left to right are Soong Ching-ling (Madame Sun Yat-sen), Soong Mei-ling (Madame Chiang Kai-shek) and Soong Ai-ling (Madame H. H. Kung).

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Tokyo last week to draft final instructions to Gen. Abe, and that he is to be accompanied by an imposing staff of drafting clerks, diplomatic experts, financial experts and technicians, indicates that the Abe mission is preparing to incorporate all of the secret deals which the former Nanking "Reformed Government" and Wang Ching-wei made with the Japanese into a regular "treaty."

A *Domei* dispatch from Tokyo on April 15 was explicit on this point. The dispatch stated that negotiations for a fundamental Sino-Japanese treaty will be launched by Gen. Abe immediately upon his arrival at Nanking on or about April 23. The treaty, the report said, will aim at readjusting the relations and disposing of the various pending problems between the two countries. The opening of negotiations for the conclusion of an agreement with the Nanking regime, observers in Tokyo pointed out, would be tantamount to the extension of formal recognition to the regime, paving the way for the establishment of new relations between China and Japan based on the principles of the Konoye statement of Dec. 22, 1938.

Important military parleys were held in Tokyo April 7 to 11, participated in by commanders of territorial armies, division commanders in home territory, representatives of the Japanese headquarters in North, South and Central China and the Kwantung Army. The conference was regarded by the press as "highly significant" in view of its scope. Significance was seen in its date, coming as it did shortly after the installation of Wang Ching-wei as head of the Nanking regime. The conferees discussed, among other subjects, the enhancement of the true objectives of the war in China.

Abe Gets Instructions

It was believed that final instructions to Gen. Abe were decided upon at the military conference. Gen. Abe was handed the instructions on April 8 after they had been approved by the Japanese emperor the previous day. The instructions were also discussed in detail by the Asia Development Board, Japan's state organ to control China affairs, and detailed explanations on them were given Gen. Abe by Premier Yonai when they conferred on the matter on April 8.

Gen. Abe and the 26 members of his party are scheduled to sail for China on April 18, arriving at Nanking on April 23. Prominent among the members of the mission are Kazuo Aoki (former finance minister), financial advisor; Masakki Hotta, (former ambassador to Rome), diplomatic advisor; representatives from the Army and Navy offices, and other branches of the Japanese Government. In addition, attached to the Abe mission but claiming to represent the Japanese people, are nine members of a Japanese "people's mission." These are to include Count Yorinaga Matsudaira, president of the House of Peers, and Shouu Koyama, speaker of the House of Representatives, who will represent the Japanese Diet. Yoshiaki Hatta, president of the Chamber of Commerce and Industry of Japan, and Otokichi Shoji, president of the Tokyo Spinning Company, will go to Nanking on behalf of the financial circles. Envoys from various organizations interested in China are Hidejiro Nagata, former mayor of Tokyo, and Fusajiro Ichinomiya, a director of the Toa Dobun Kai. Tokichi Tanaka and Inosuke Furuno, publisher and author, will represent Japanese journalistic circles.

Nanking Prepares

Such will be the imposing array of Japanese personalities who will swarm into Nanking on April 23 and try to get Wang Ching-wei's signature on a prepared treaty legalizing Japan's plunders in China. Meanwhile, Nanking is busy with preparations for what is described by the *China News Agency* (Wang's press service in Shanghai) as "a grandiose reception in honor of Gen. Abe for the purpose of expressing gratitude towards Japan." A special committee composed of officials from the ministries of foreign affairs and publicity and the Nanking municipal administration has been formed for the purpose of working out the reception ceremony and elaborate decorations of the city. Preparations for the opening of formal negotiations with Gen. Abe are also being made in Nanking. The Central Political Council at its third meeting on April 11 appointed Chu Min-yi (foreign minister), Chen Kung-po (Legislative Yuan president) and five other puppet officials to investigate into the methods of framing a peace treaty with Japan, according to a *Domei* report.

Two items from abroad concerning Wang Ching-wei are worth noting. According to a *United Press* report from Chungking, it was announced there that the Chinese community of Chicago, at a mass meeting on April 7, decided to offer $700,000 reward for Wang's life. The mass meeting cabled the offer to President Lin Sen and Gen. Chiang Kai-shek. The Government of Cuba officially informed the Chinese minister at Havana that Cuba will continue to recognize the National Government at Chungking and does not intend to recognize the Wang Ching-wei regime in Nanking.

Financial Plot Seen

A plot to sabotage China's financial structure was launched in Nanking last week when preparations were started for the establishment of a new "Central Bank" of issue by the Nanking regime. Regulations governing the appointment and functions of an official commission for that purpose were published on April 12.

According to the regulations, the task of the commission will include the absorption of funds of the Central Bank of China; the drawing up of plans for liquidation of the present currency system; the drafting of plans for the issue of new legal tender and other related matters. The commission will be headed by Chou Fu-hai, finance minister.

To give dignity to Wang Ching-wei as "navy minister," which is one of the many concurrent posts he holds, the Japanese are building up a fleet for him. In addition to two torpedo boats, Wang's navy ministry has acquired a new unit, the gunboat *Kiangping* which was launched at the Pootung yards of the Kiangnan Dockyard in Shanghai on April 9. Meanwhile, the so-called "Central Navy Academy," established by the former Nanking "Reformed Government," with its headquarters in Nantao, Shanghai, this week held its second annual entrance examinations for a career in the new navy which, according to an announcement by the institution, will "lead to the highest rank of admiral."

Appeal for Support

An appeal for the support of the peace movement by China's armed forces, coupled with an attack on Gen. Chiang Kai-shek and the Western Powers, was made by the *Central China Daily News*, organ of Wang Ching-wei in Shanghai, on April 9. The journal asserted that the peace schemes concluded by the peace promoters with Japan are "fair," considering the fact that China has been defeated. After praising the spirit of bravery and sacrifice of China's armed forces, the journal declared that "it is meaningless to sacrifice ourselves for Chiang Kai-shek, Stalin, Britain or America. It is our duty to stop Chiang from sacrificing our nation for Stalin or other Western Powers. This duty must be fulfilled by our armed comrades."

One of the important resolutions adopted at the recent 5th plenary session of the People's Political Council held at Chungking from April 1 to 10 was the readjustment of relations between the Kuomintang and the Chinese Communist Party. To strengthen the basis of cooperation and promote harmony between them, a special committee charged with the duty of settling all past difficulties between the Kuomintang and other political parties was appointed. This measure is expected to further consolidate the united front against Japanese aggression.

Significant Session

Results of the session were favorably commented upon by the Chinese press in Shanghai. The *Chinese-American Daily News* said that the session was particularly significant because it was convened at a moment when the puppet Nanking regime was inaugurated by the Japanese militarists. Reviewing the various resolutions, the journal remarked that all of them have a direct bearing on the campaign of resistance and national reconstruction.

The *National Herald* expressed gratification over the resolutions reiterating China's firm determination to continue the struggle against Japanese aggresison and to reconstruct the nation. Quoting Gen. Chiang Kai-shek's speech on a "Three-Year Resistance Program," the paper said that it showed that the Government is fully prepared for prolonged resistance.

Spread of the European war is favorable to China in the opinion of the *Yih Shih Pao* in Chungking, leading Chinese Catholic daily formerly published in Tientsin. The paper commented:

"Germany destroys world peace; at the same time, she is the ally of our enemy, Japan. Spreading of the European war is necessary, preliminary to the defeat of aggressors.

The settlement of problems in the Far East depends on the solution of European issues. Germany's defeat will pave the way to the solution of world problems. Spreading of the war will accelerate the defeat of Germany. Spreading of the war cannot affect the Powers' assistance to China. Furthermore, even if their assistance were affected, it could not affect China's resistance. Japan is so exhausted that she cannot make use of the present opportunity to intensify her military operations in China."

Reds Denounce Reich

In an editorial, the *Hsin Hua Jih Pao*, official organ of the Chinese Communist Party, denounced Germany's invasion of the Scandinavian countries.

"We are against war," the paper asserted. "We are against the spreading of war areas." In the German action, the daily saw, however, "measures frustrating the Allies' attempt to establish an anti-Soviet base in northern Europe."

That China must help herself was the view stated by P. T. Chen, head of the Central Bank Research Department and China's delegate to the recent Institute of Pacific Relations conference, in a speech before the Chungking Rotary Club on April 11. Although the Chinese Government appreciates foreign aid and sympathy, Mr. Chen said, fundamentally China must depend upon her own efforts.

William Hodgkins, chairman of the Manchester China Relief Committee, in a letter to the *Manchester Guardian* on April 12, urged that the "setting up of a puppet government in Nanking demands stronger, not weaker, support by Britain of the true Chinese Government. Any recognition by this country of the Wang Ching-wei government would unquestionably aid Japan eventually to achieve her aim of driving the western Powers from the Far East."

Shanghai Has Another Million Dollar Blaze

Cotton to the value of about $1,000,000, Chinese currency, went up in smoke and flame on Apr. 11 when fire gutted the godowns of the Shanghai Press Packing Company, a Chinese concern, at 1086 Chengtu Road in the International Settlement. It took the Shanghai Fire Brigade the better part of three hours to bring the fire under control. This was the second big godown fire in Shanghai within a period of a little over two weeks, the first having occurred at the Ewo cotton and silk godown at 796 North Soochow Road on Mar. 27, causing damage also estimated at about $1,000,000.

P.I. Adopts Bill for Immigration Quota

A bill providing for the establishment of an annual immigration quota of 500 persons was adopted Apr. 12 by the National Assembly in Manila, *United Press* reported. Passage of the measure chiefly affects Japanese and Chinese, who have averaged between 2,000 and 3,000 immigrants annually in previous years.

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Chinese Students Attack Manila Drug Store

The third attack within a week and believed to be the result of an anti-Japanese movement in Manila, resulted in injuries to four persons, including one policeman, on Apr. 11 when 500 Chinese students stormed a Chinese-owned drug store alleged to be selling Japanese goods, *United Press* reported.

The owner of the drugstore, Mr. So Pit-huy, said he had learned that members of the local Chinese secret society had planned to stone his place. He said he had been given police protection, but this was withdrawn and Chinese students then stormed the store, breaking windows and injuring three employees. The police arrested four rioters and the others fled when an emergency call was given.

Earlier in the week two stores were wrecked by Chinese groups for allegedly dealing in Japanese goods, while another was wrecked because the owner was suspected of selling scrap-iron to Japan.

The Chinese Consul-General, Dr. C. Kuangson Young, said he was not aware of the existence of any secret Chinese society in Manila. Reports of the incidents were "exaggerated," he declared. Chinese in the Philippines and elsewhere have a reputation for being law-abiding citizens, he asserted.

Dr. Young said that neither in the past nor the future had there been any attempt on the part of the Chinese to enforce an embargo against Japanese goods by force. The incidents, he said, could be traced to "irresponsible trouble-makers."

U.S. Exports to China Show Large Increase

The United States exported three-and-a-half times as much goods to China in January, 1940 as it did in January, 1939, according to figures released by the Department of Commerce.

American exporters sent G.$8,035,000 worth of goods to China as compared to G.$2,354,000 a year ago. Exports to the Philippines were G.$9,058,000 as compared to G.$6,373,000. To Japan they totalled G.$28,247,000 as compared to G.$17,692,000. This last-named increase was believed attributable to heavy orders placed for January shipment as a safeguard against the punitive measures which many feared would be imposed on Japanese trade after the expiration of the trade treaty.

Tientsin Soviet Consulate Said Suspending Work

The work of the Soviet consulate-general in Tientsin was due to be suspended temporarily as from Apr. 19, according to a *Reuter* report early this week. The three officials of the consulate, it was stated, would return to Moscow via Manchuria. Normal work of the Tientsin office will henceforth be conducted in Peiping, where all the documents of the Tientsin office were to be sent, the report said.

Shao Li-tze Named New Chinese Envoy to Moscow

The Foreign Office in Chungking announced on April 16 that Mr. Shao Li-tze has been appointed Chinese Ambassador to Moscow in succession to Gen. Yang Chieh, who has been recalled. He will leave shortly for Moscow, accompanied by his wife. The new envoy is vice-president of the Sino-Soviet Cultural Relations Association, vice-president of the China Branch of the International Peace Campaign, president of the Chinese People's Foreign Relations Association, and secretary-general of the War Areas Party Political Affairs Committee. Recently he was Minister of Publicity at Chungking and prior to that chairman of the Kansu and Shensi provincial governments.

Japanese Battle Guerrillas On Shanghai Outskirts

Heavy fighting took place in the early morning of April 15 on the outskirts of Shanghai when large-scale guerrilla operations in which heavy armament used both by Chinese guerrillas numbering about 1,500 and Japanese detachments from Kiangwan woke up many residents in the Hungjao area. Chinese evening papers gave detailed accounts of the affair, described as some of the most fierce fighting to take place near Shanghai since the conclusion of the Shanghai hostilities more than two years ago.

The reports admitted that the Chinese forces, led by Col. Koo Fu-sen, suffered heavy losses, but the Japanese were said to have met with the same fate. Quoting arrivals from the countryside, the reports said that fighting still continued late in the afternoon when they left the Hungjao Cheng (village). The battle was waged at a place near Chaohong on the Shanghai-Tsingpu highway about 30 km. from Shanghai.

Mexican, Thai Missions Now Busy in Japan

Two economic missions, one from Mexico and the other from Thailand, arrived in Japan on April 11. The Mexican mission consists of 16 members, and that from Thailand of five. Senor Ernesto Hidalgo, leader of the Mexican mission, was received in audience by Emperor Hirohito on the morning of April 12.

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Gunmen Slay S.M.P. Superintendent; Deceased was Puppet Contact Man

VIOLENT crime figured prominently in Shanghai news again last week, the outstanding incident being the murder of Superintendent Tan Shao-liang of the Shanghai Municipal Police and Liaison Officer between that organization, the Japanese gendarmerie and puppet Mayor Fu Siao-en's "Special Municipality."

Four armed Chinese opened fire on Superintendent Tan on the morning of Apr. 13 as he was leaving the home of his concubine at 75 Weihaiwei Road, in the vicinity of the First Special District Court. He was killed instantly. A Chinese police constable who opened fire on his assailants was shot down and died in hospital the following day. The shots attracted other policemen to the scene and two of the assassins were shot down, while the other two managed to escape. One of the wounded thugs since died. The other is on the way to recovery and it is expected that questioning may lead to revelation of the motives for the killing.

Was Senior Detective

Superintendent Tan was the senior Chinese detective in the Special Branch (political) of the Shanghai Municipal Police. A native of Chungshan, Dr. Sun Yat-sen's birthplace in Kwangtung Province, he joined the S.M.P. as a clerical assistant in 1908. He was 50 years old at the time of his death and is survived by four sons and a daughter, one of the former also being in the S.M.P.

Liu Foh-chai, workshop chief of the Whangpoo Conservancy Board, was shot to death on the morning of Apr. 10 by two gunmen who escaped. The shooting took place on Chengtu Road, in the International Settlement, at about noon, when Liu was going home to lunch. Two gunmen fired four shots into his back and he died on the spot. The motive for the murder is believed to have been political, since the Whangpoo Conservancy Board was recently reorganized and placed under virtual Japanese control. Liu had been an employee of the Board for several years.

Another murder, in which the victim was a jobless man named Hung Yeng-feng, took place the same day in the French Concession. Hung was shot in the back and killed on Route Voyron at about 4.50 p.m. by a Chinese youth named Ling Li, alias Ling Foh-teh, age 20. Police captured the killer after a difficult chase, but he refused to reveal the reason for the murder.

Foreign Woman Manhandled

An exceptional incident last week was the violent handling of a foreign woman, Miss Cecilia Haas, a Czechoslovak, who was kidnapped in Hongkew on April 11 while believed to be canvassing votes for the British and American candidates in the elections to the Shanghai Municipal Council. Miss Haas was standing on Boone Road near the Hongkew Market when a car bearing license plate No. 4607 pulled up alongside her. A Japanese ordered Miss Haas to get in and the car then drove off in the direction of Yangtszepoo. A foreigner and the Japanese overpowered the woman, who tried to get free, and the car proceeded to a vacant lot on Ward Road where a truckload of Japanese gendarmes saw Miss Haas being forcibly removed.

The gendarmes intervened and took Miss Haas to their headquarters, whence she emerged four hours later with bruises on her arms and legs and a bad eye injury, said to have been inflicted with a pistol butt. The car in which she was kidnapped was subsequently found to be registered in the name of the Japanese Residents' Corporation.

Four Japanese kidnappers, who had attempted to smuggle a bound and gagged Chinese woman past the British army sentry post at Brenan and Keswick Roads on the morning of April 13, were being detained for questioning by the Shanghai Municipal Police over last week-end. British sentries observed the trussed woman being driven past their post in a truck. They halted the vehicle, unbound the woman, and turned the would-be kidnappers over to the S.M.P.

Market Monopoly Link

Seizure of the woman was believed to be part of Japanese strong-arm methods to enforce a monopoly they are trying to maintain on all produce coming into Shanghai, for the four Japanese were found to be connected with the new monopolistic market which the Japanese recently established in the Joint Savings Bank building, made famous by the Chinese "Doomed Battalion" in 1937. The woman was said to have been selling vegetables somehow brought through the monopolistic cordon without paying any of the local taxes.

Puppet policemen of the "Special Municipality" tried last week to arrest a British woman, Mrs. E. L. Dean, after her car had become involved in a minor accident at the Yu Yuen and Edinburgh Roads intersection in the Badlands. Mrs. Dean, however, went to the British military post at the same intersection, found an officer there, and went free after explaining what had happened to members of the Shanghai Municipal Police.

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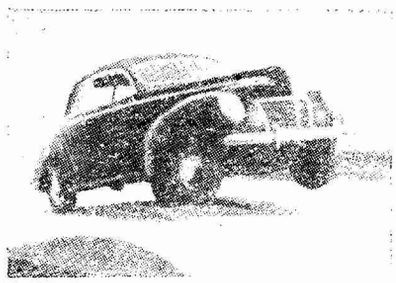
Careful Tests Given To Ford Automobiles

"YES, we really test them here!" said a Ford engineer standing at the edge of a circular ribbon of cement—not unlike Indianapolis' famous speedway—over which several dozen cars and trucks zoomed like darting bees.

The scene he was surveying was the two-and-a-half-mile, high-speed bowl in the 425-acre automobile proving ground built by the Ford Motor Company adjacent to its Engineering Laboratory at Dearborn.

This high-speed bowl is not the only testing ground for Ford cars. Long before the first 1940 Ford,

Taking the Test



Cars selected at random from the assembly line are driven headlong over big concrete bumps on the "torture track."

Mercury 8 or Lincoln-Zephyr car reached a dealer's showroom—even before the first of this year's models rolled off the assembly line—every part in the car underwent exhaustive tests on each of the many road surfaces in this huge, outdoor laboratory at Dearborn.

Visitors to the test track might gain the impression that this work is a hit or miss proposition, wherein reckless drivers seek to wear out new cars. Nothing could be further from the truth. Every test is carefully planned, and whether one or twenty-one parts are being tested for wear or performance, the car is assiduously checked before and after.

New Ford tires, for example, are tested on the track. A smooth-top macadam road lined with ground-level water sprinklers is specially designed for testing the skid reaction of tire treads. While the road is sprayed with water, cars are stopped from low and high speeds, or quickly accelerated. The amount and direction of skid is carefully recorded and used in designing tire treads.

Every day is brake-testing day at the Ford track. Brakes that are wet and dry, hot and cold are subjected to exhaustive study. A typical brake test might be outlined to the test driver as follows: "Accelerate to fifty miles per hour in a half mile and then bring the car to a dead stop in 124 feet. Accelerate to forty miles per hour in a half mile and bring the car to a dead stop in eighty-three feet." As many as 400 stops are made in eight hours. After the test, the brakes are disassembled and checked, changes in the construction or lining are made and another test is started.

The findings of the proving ground engineers are not incorporated once a year in the new models. That is not the Ford principle. A discovery made today will result in a better-built car next week. That is the way Ford engineers work.

President Lines Given States Lines Agency

The American President Lines have been appointed General Agents for the United States Lines throughout the Orient, and will represent the latter company in Japan, China, Philippines, French Indo-China, Siam, Straits Settlements, Nederland Indies, India, Ceylon, it was announced last week.

The United States Lines' luxury liners, s.s. Washington and s.s. Manhattan, similar in design to the s.s. President Coolidge, are operating a fortnightly schedule from New York to Naples, returning from Genoa to New York.

On tickets from the Orient to Europe via America, the American President Lines allow 20 per cent reduction from the usual Trans-Pacific fares, and the United States Lines allow 30 per cent reduction from the ordinary Trans-Atlantic fares. These same reductions are available as part of Round-the-World passage for those desiring to visit Europe, travelling via Suez in one direction and returning via America. Reservations on United States Lines vessels and actual passage tickets are obtainable at any American President Lines office.

Eastman's Low-Cost

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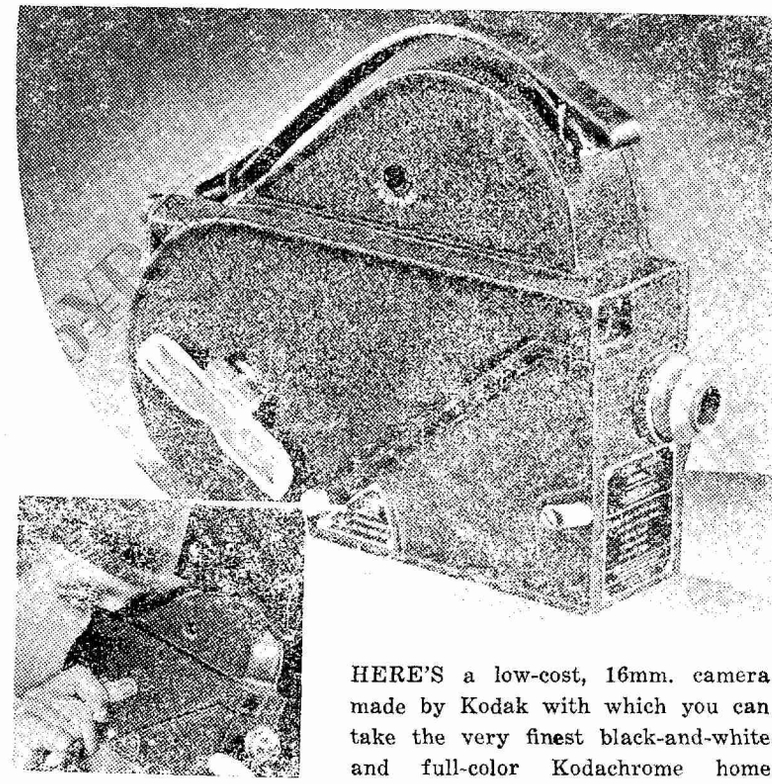
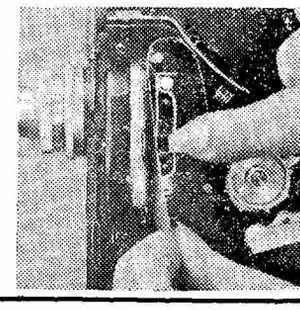


New case design and film gate which greatly simplify loading and shooting home movies.



HERE'S a low-cost, 16mm. camera made by Kodak with which you can take the very finest black-and-white and full-color Kodachrome home movies right from the start.

Moderate price is only one of its attractions: no focusing necessary; loading is simplified; supplementary footage scale enables you to gauge scene length and film supply as you "shoot"; there are three speeds; also a fine precision-made Kodak Anastigmat f.3.5. lens.

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Pearl River Opening Said Set for April 20

RECENT announcements by the Japanese authorities that the Pearl River would shortly be opened to general navigation were concretized on Apr. 12 by a statement issued in Canton by Lieut.-Gen. Rikichi Ando, Commander-in-Chief of the Japanese Expeditionary Force to South China, to the effect that the waterway would be opened to general trade as from Apr. 20 "within the limitations allowed by general conditions." Consular representatives of third Powers were notified of this decision, *Domei* reported.

Only vessels at present allowed to operate on the waterway will, for the time being, be permitted to engage in trade, the announcement said, while cargoes found detrimental to the maintenance of peace and order and the pacification of occupied territories would be barred. Navigation will be limited to the hours of daylight and no photographing will be permitted from ships. The Japanese also reserve the right to board and examine all vessels whenever "military necessity" requires, and to arrest or prevent the landing of persons considered detrimental to peace and order.

Explaining the notification to the consuls, Mr. Nagao Kita, Japanese Consul-General in Canton, said: "The proclamation signifies that Canton has been opened to trade and does not mean the unconditional opening of the Pearl River."

British and Chinese traders in Hongkong, *Domei* reported from that city, welcomed the Japanese announcement. It was estimated, the agency said, that commodities worth H.K.$24,000,000 were ready to be transported to Canton, including petroleum, rice, sugar, paper and ammonium sulphate.

Roving Nippon Minister Off on European Mission

Dr. Nobubumi Ito, who completes a trio of Japanese ministers-at-large (the others being Mr. Sotomatsu Kato, minister-at-large in China who is leaving shortly for South America to attend a conference of Japanese consular officials, and Mr. Tatsuo Kawai, who is in Europe) left Tokyo on Apr. 13 on a roving mission which will take him to Moscow, Berlin, Paris, Rome and London.

Dr. Ito visited Europe early in 1939, when the strengthening of the tri-partite Anti-Comintern Pact between Japan, Italy and Germany was being discussed. His mission this time has not been disclosed, although according to *Domei* his arrival in Rome will be timed to coincide with the visit there of a Japanese goodwill mission, which passed through Shanghai early this week on the N.Y.K. liner Haruna Maru. The mission consists of 22 persons, headed by Mr. Naotake Sato, former Minister of Foreign Affairs.

Great Bombay Textile Strike Called Off

The great Bombay textile strike, involving more than 70 mills and some 300,000 workers, was due to be called off on Apr. 13, according to a *Reuter* dispatch. The strike started on Mar. 4 with the mill hands demanding a 15 per cent increase in wages and other concessions. They are to get a 10 per cent increase, it is understood.

Handling of the strike by the British authorities in India was the subject of comment in the Soviet press this week, according to a *Transocean* report from Moscow. A dispatch from Kabul by *Tass*, the official Soviet news agency, asserted that the British police had combatted the strikers with brutal and inhuman measures. Making liberal use of firearms, they fired ruthlessly into crowds wherever they assembled, the agency said, citing demonstrations in Bombay and Nagpur in which 25 and 21 strikers, respectively, were injured.

The London *New Statesman and Nation* reported last week, according to *Transocean*, that a campaign of arrests is going forward against intellectuals in India and that the number taken into custody is so great that the British authorities have been obliged to erect 12 new prison camps to accomodate them. Students at a college in Calcutta, the report also stated, have deserted their classes and gone on strike to protest against repressive measures.

Green Charges Lewis With Dictator Aims

Mr. William Green, President of the American Federation of Labor, this week charged Mr. John L. Lewis, head of the Congress for Industrial Organization, with secretly plotting a political revolution with the aim of making himself dictator of the United States. Mr. Green also accused Mr. Lewis of having connections with the Communist Party and pledged his support to President Roosevelt.

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Japan's 'New Order' Rapped by Chairman of British Chamber Here

HANKOW CHAMBER SPEECH DRAWS JAPANESE PROTEST

Protest against an address delivered by V. A. Mason, manager of the Hankow branch of the Hongkong & Shanghai Banking Corporation, at the annual meeting of the British Chamber of Commerce in Hankow on March 8, was delivered to the British Consul-General in the Wuhan city on April 11, by the Japanese Consul-General, according to a *Reuter* report. It was complained that the address, which was reproduced in full in the Central China Post, was "full to the brim" with anti-Japanese sentiment and contained derogatory remarks against the Japanese military authorities in Hankow.

POINTED criticism of some of the now familiar manifestations of Japan's "New Order" in East Asia were the outstanding feature of an address delivered by the chairman, Sir Robert Calder-Marshall, at the annual general meeting of the Shanghai British Chamber of Commerce on Apr. 11. The speaker referred to "interference with legitimate business, arbitrary exactions on goods in transit, other impediments to trade, and the monopolistic character of the policy being pursued by Japan—the policy of the New Order in East Asia."

This policy, the speaker declared, "appears to be a direct negation of the policy of the Open Door and equal opportunity for the trade of all nations. One cannot ignore the effect this policy is likely to have on the interests of the Chinese and the interests of the foreigners trading in this country."

Alleged Military Necessity

Japan's excuse of "military necessity" for her acts of discrimination against the trade and business interests of third-Power nationals is "difficult to comprehend," Sir Robert said, adding: "Judging from all available information, the continued closure of such important channels of trade as the Yangtsze and Pearl Rivers is not justified by military necessity, while its effect is merely to delay the reconstruction and rehabilitation of the country, which is the professed desire of the Japanese Government."

The speaker then went on to refer to Japanese "disregard of the welfare of the Chinese masses in Shanghai and the interference with the staple food supply coming into this city," which, he said, "is not due to military necessity and cannot be excused, for it needlessly brings hardship, suffering and starvation to thousands." He asserted that the increase in local prices of Chinese produce was due in large measure to restrictions imposed on the flow of these commodities from the producing areas to Shanghai, and to taxes and exactions imposed by the Japanese in transit.

Turning to assurances given by Japan to third Powers regarding the protection of their interests, Sir Robert said that "unfortunately reports from Tientsin, Tsingtao, Chefoo and Hankow all refute these assurances. In Tientsin, the barrier blockade is still impeding the movement of individuals and cargo, particularly British. Reports from Tsingtao show the inadequacy of wharf accomodation and the discriminatory treatment of British ships and cargo. Throughout the northern occupied areas anti-British propaganda is being inspired and encouraged.

Japanese Have Monopoly

"In the meantime," he continued, "Japanese shipping enjoys a monopoly of river transportation, while inland water navigation and transportation facilities of all kinds in the occupied areas are in the hands of Japanese transportation companies, which thus have a monopoly under the protection of the Japanese Army."

Referring to loss of cargo which the Japanese contend was "illegally removed" from Shanghai wharves after the outbreak of the 1937 hostilities, Sir Robert pointed out that the wharves had been under Japanese occupation right from the commencement of the fighting and that the Japanese must therefore be held responsible for losses and should reimburse the owners. The fact that none but the Japanese had access to the wharves, he contended, placed the claims for lost goods in an entirely different category from ordinary war claims.

Speaking on the situation in "Free" China, Sir Robert referred appreciatively to the work of the Chinese Industrial Cooperatives in the development of the West and Southwest. He saw no reason why "Free" China should not achieve self-sufficiency through the extension of the industrial cooperative movement. Lack of transportation facilities militated against the fulfillment of larger plans, he pointed out, but the transportation of small plants such as those set up by the cooperatives presented no insuperable difficulty. "These embryos of large plants," he said, "must inevitably have a beneficial effect on the economic life of the country, opening up large areas that hitherto have been undeveloped."

Military Operations Deadlocked

Dealing with the military situation in China, Sir Robert said that "operations in most areas are deadlocked, with the Japanese nominally occupying, but not controlling, large areas in which guerrillas and other forces continue to operate freely."

The following persons were elected en bloc to serve on the General Committee of the Chamber for the ensuing year: C. H. Arnhold (Arnhold Trading Co., Ltd.), N. G. Beale (The General Electric Co. of China,

Ltd.), Sir Robert Calder-Marshall, (Calder-Marshall & Co., Ltd.), I. J. Davies (Mackinnon, Mackenzie & Co., Ltd.). G. A. Haley (Imperial Chemical Industries (China) Ltd.), A. S. Henchman (Hongkong & Shanghai Banking Corporation), H. C. Hopkins (Chartered Bank of India, Australia & China), W. J. Keswick (Jardine, Matheson & Co., Ltd.), J. H. Liddell (Liddell Brothers & Co., Ltd.), G. E. Mitchell (Butterfield & Swire), T. S. Powell (Asiatic Petroleum Co. (N.C.) Ltd.), and R. J. E. Price (Yee Tsoong Tobacco Co., Ltd.).

Japanese Anti-War Men Killed in Kwangsi

The death of three members of the Japanese Anti-War League during a recent engagement in southern Kwangsi was officially announced in Kweilin recently. The deceased were: Kunio Oyama, 36, a native of Tokyo, who was graduated from the Tokyo Industrial School; Giyu Ayugawa, 24, a native of Tokyo, who was graduated from the Waseda middle school; and Gayao Matsuyama, a native of Hyogo, who was educated in a Japanese middle school in Shanghai.

The three Japanese were formerly war captives. In the formation of the Japanese Anti-War League, they did a good deal of ground-work on their own initiative. During the Chinese counter-attack which resulted in the recapture of Kunlun Pass (Kwangsi) toward the end of last year, the trio were among a few others who talked to the Japanese soldiers through a loud-speaker. Their zeal and enthusiasm for their work carried them to the firing lines at the risk of their lives. It was during one of their recent trips to the front in southern Kwangsi that they met their fate; they were killed in an air-raid. A high tribute was paid them by their Chinese friends and Japanese colleagues at a meeting of the Japanese Anti-War League in Kweilin.

P.I. High Commissioner Paying Visit to Japan

Mr. Francis B. Sayre, United States High Commissioner to the Philippines, was due to sail from Manila for Japan on Apr. 18 to confer with the American Ambassador in Tokyo, Mr. Joseph C. Grew, *Domei* reported Apr. 12. Ambassador Grew is scheduled to leave Japan for the United States on furlough soon after Mr. Sayre and his party sail back to Manila on May 6, the report stated. Accompanying Mr. Sayre to Japan will be Lieut.-Commander Charles B. McVay, his naval aide.

King of Cambodia Gives Assent to Chamber Bill

The King of Cambodia has signed an ordinance creating a chamber of popular representation, replacing the native consultative committee, *Reuter* reported on Apr. 13. The new institution is modelled after those of Annam and Tonkin, other parts of the colony of French Indo-China, and is viewed as a concession to nationalist sentiment. The new chamber will be elected on the basis of a wide franchise, the report stated.

'War Boom' in U.S. Seen at an End

The United States has entered upon a new decline in industrial production which is running contrary to the normal seasonal trend. Students of the trend of production fear that the decline is to continue and that the "war boom" is really at an end, *Havas* reports.

The Federal Reserve Board index declined from a peak of 128 in December to an estimated 109 in February, the Federal Reserve Board revealed. This drop was mainly due to the decreased output of steel and some other basic materials. The index in January was 119.

According to the Board, high exports during January were sustained mainly by an unusual rise in cotton shipments due to abnormal conditions abroad. It was pointed out that despite the high general totals, many important industrial products declined on the export list during January. The cotton shipments the Board expects to continue at the same rate.

"Both Spain and China have appeared as large importers of American cotton," the Board's report said. "Cotton goods production in Spain, which was depressed during the civil war, is now recovering. Strife in China at first reduced mill consumption below the level of Chinese production and permitted some export of raw cotton. Growth of the fibre in China, however, has fallen to such a low level that imports have become necessary to supply the mill demand."

The Department of Commerce issued a statement which, somewhat more optimistic than the Federal Reserve Board's, claimed to see a check in the decline of production during the last few months. The Bureau of Agricultural Economics has also indicated that while the decline is a fact, the process would be checked and reversed well before the end of the year.

U.S. Aids in China Anti-Malaria Drive

An immediate need for U.S.$150,000 with which to purchase quinine and hydrochloride for combatting malaria in five of China's provinces was announced by Col. Theodore Roosevelt, national chairman of the American Bureau for Medical Aid to China, on April 15, according to a *Havas* report from New York.

Col. Roosevelt said he had received a telegraphic appeal from Dr. Robert K. S. Lim, director of the Medical Corps of the Red Cross Society of China, stating that malaria was rampant on many of the China war fronts, especially in Hupeh, Hunan, Kiangsi, Kwangtung and Kwangsi.

Dr. Lim asked for 15,000,000 point-three-gram quinine tablets and 1,000,000 two c.c. ampoules of hydrochloride. These quantities, Col. Roosevelt stated, showed the scope of the epidemic. Chapters of the American Bureau in 70 American cities had already begun to raise their quotas for the needed U.S.$150,000, he announced.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

March 19

The Japanese military spokesman in Tientsin announced that in his opinion the Japanese blockade of the foreign concessions would not be lifed until Japan, Britain, France and Italy surrender their Concessions to the new China government under Wang Ching-wei.

Japanese press reports stated that Gen. N. Abe, Japan's special envoy to the Wang Ching-wei regime, will be invested with full powers to adjust and regulate new relations on the basis agreed upon last December between Wang Ching-wei and Japan and to negotiate a new treaty governing those relations after the establishment of the new China regime.

Dr. Carson Chang, leader of the Chinese National Socialist Party, denied his party's participation in the Wang Ching-wei regime. Other leaders dissociating themselves from Wang's regime included Ho Shih-tseng and Chen Chung-fu of the "New Tung Meng Hui."

Gen. Yang Chieh, Chinese Ambassador to Moscow, who returned to China recently, arrived at Chungking to report to the Government on Sino-Soviet relations. Gen. Yang visited Kunming for two days conferring with Gen. Lung Yun, chairman of Yunnan.

About 80 per cent of China's total population is illiterate, according to statistics published by the Ministry of Education.

The Ministry of Foreign Affairs completed reorganization in accordance with the new Organic Law. Several new departments were created, including the departments of West Asia, East Asia, and Treaty Affairs. The former European-American Affairs Department divided into two separate departments.

⁂

March 20

The so-called Central Political Conference, prelude to the formation of the new puppet government, opened at Nanking with Wang Ching-wei presiding. Conference attended by delegates from Wang's "Orthodox Kuomintang," the Peiping "Provisional Government" headed by Wang Keh-min, the Nanking "Reformed Government" headed by Liang Hung-chih, and the "Mongolian Federal Autonomous Government." The meeting resolved that Wang Ching-wei be empowered to "determine and execute the policies for the readjustment of Sino-Japanese relations" and that the "National Government is to return to its capial in Nanking on March 30."

Important financial conference now being held at Chungking presided over by General Chiang Kai-shek, and attended by Finance Minister H. H. Kung, T. V. Soong of the Bank of China, and other leading bankers.

Japanese planes bombed and damaged American Church Mission property at Tingchiachen in Kiangsi on Feb. 23 and 24, according to reports received in Peiping.

Gen. Chou En-lai, Chinese Communist leader, who went to Moscow for medical treatment for his injuries sustained six months ago when he fell from a horse, arrived at Lanchow from Moscow on March 18 and will proceed to Chungking shortly to resume his duties; said to have recovered from his injuries.

Gen. Yang Chieh, who arrived at Chungking yesterday from Kunming, announced his decision to resign from his post as Ambassador to Moscow. Gen. Ho Yao-tsu, special envoy to Russia now in Moscow, may be appointed his successor.

⁂

March 21

Fighting on the Kwangsi front continued in the mountains northeast of Lingshan which the Japanese occupied on March 18. Japanese forces were attempting to push north-eastward from Lingshan but met with strong Chinese resistance.

Creation of a "Central Political Council," composed of forty members and described as the "supreme organ for the conduct of political affairs of the state," decided upon at the second meeting of Wang Ching-wei's "Central Political Conference" in Nanking. Abolition of the names of the puppet "Peiping Provisional Government" and the "Nanking Reformed Government" also ordered.

The **New York Times** (yesterday) attacked Wang Ching-wei and his followers at the Nanking Political Conference as "sanctimonious hypocrites selling their own countrymen down the river." Wang was charged with forgetting the crimes of the Japanese against his own people.

Sokichi Matsumoto, Japanese writer, in an article in the magazine **Gaiko**, attacked as "wishful thinking" the belief held in Japan that the establishment of the Wang Ching-wei Government will result in an immediate demand for peace among the Chinese. The writer pointed out that the Chungking Government still commands the support of millions of Chinese and that the majority of the Chinese are anti-Japanese.

⁂

March 22

At the third and last meeting of the so-called "Central Political Conference" in Nanking, Wang Ching-wei was nominated to the three high posts in the projected Japanese puppet regime: acting president of China "prior to the return of Mr. Lin Sen to Nanking," president of Executive Yuan and of the Central Political Council. In addition, he is Minister of Navy and retains the leadership of the "Orthodox Kuomintang."

The puppet meeting in another resolution declared the Chungking Government "liquidated" and ordered Chinese armed forces in the field to "cease hostilities immediately." All the laws and treaties promulgated and concluded by the Chungking Government after March 30 declared to be "invalid."

The "Peiping Provisional Government" to be dissolved and replaced by the "North China Political Affairs Commission." The new northern regime, however, is to retain its semi-independent status.

Speaking in the Diet, War Minister S. Hata said: "I believe that the Holy Campaign in China is above the Nine-Power Treaty which should not be allowed to restrain military operations." He emphasized Japan's determination "to crush General Chiang Kai-shek."

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"ID" Cod Liver Oil with Malt Extract

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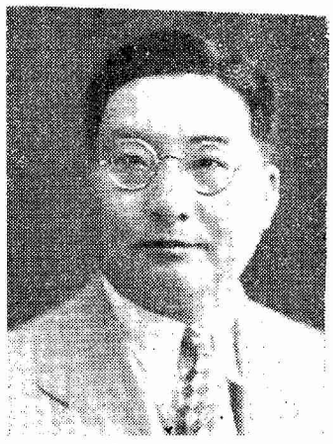
Who's Who in China

Gen. Chen Chi-cheng, army officer; native of Tsingkiang, Kiangsu; graduate of Paoting Military Academy; instructor at Whampoa Military Academy, Canton, and commander of the 1st Battalion of Cadets of the 3rd Regiment of the



陳繼承
Gen. Chen Chi-cheng

Academy, 1924; vice-commander of the 2nd Division of the Nationalist Revolutionary Army, with the rank of Maj.-Gen., 1926; in the same year promoted Commander of the 22nd Division; Commander of the 21st Division, 1927; Commander of the 3rd Division, with the rank of Lieutenant-General 1929; Commander of the 1st Army, with the rank of General, 1931, concurrently Garrison Commander of Loyang, 1932; Commander of the Five-Province Bandit Suppression Forces of the West Route Army and concurrently Administrative Commissioner of the Second District, Hupeh Province, 1933; Commander of the Bandit Suppression Forces for the Border Districts of Hunan, Hupeh and Kiangsi, 1934, concurrently Garrison Commander of Wuchang and Hankow, 1935; Chief Administrative Commissioner for the Border Districts of Honan, Hupeh and Shensi, 1936; Dean of the Central Military Academy, since 1937; participated in the war of resistance since the outbreak of the present Sino-Japanese hostilities in 1937; address: Central Military Academy, Chengtu, Szechuan.

Japanese troops were landed (yesterday) at Nanshan, in the Paoan district, northwest of Kowloon. Fighting now in progress to the southwest of Paoan.

*
**

March 23

President Lin Sen of the National Government at Chungking, whose name was "stolen" by the puppet Wang Ching-wei regime in order to lend it dignity, declared that the Nanking regime represented a Japanese effort to deceive the Japanese people and to divide the Chinese people. Chinese army urged to fight and shatter the enemy's plots.

National Government spokesman declared that all actions, contracts, treaties and orders issued by any puppet regimes would be null and void.

Chinese press in Chungking denounced Wang Ching-wei and predicted that his puppet regime in Nanking was "doomed to failure." Wang's "government" characterised as a "monkey show" with the Japanese holding the rope and beating the gong."

President Roosevelt (yesterday) appealed to the American Red Cross for cracked wheat to meet desperate food shortage in China.

After a 48-hour battle in which the Japanese were alleged to have suffered 3,000 casualties, Chinese forces (yesterday) recaptured the new and old cities of Wuyuan, Suiyuan, on March 22, Chinese field dispatches claimed.

After ten days of fighting, the Japanese forces which were advancing eastward, from the railway south of Nanning, into south-western areas of the province of Kwangtung, are now withdrawing to the highway, according to Chinese field dispatch received from the Kwangsi front. Japanese forces commenced to withdraw on the afternoon of March 21 in two columns, the report stated.

*
**

March 24

Lingshan, strategic point on the Kwangtung-Kwangsi border, recaptured by the Chinese on March 22 after a furious counter-offensive launched the previous night, according to Chinese field dispatches. Japanese casualties on the Kwangsi front during the past few weeks of fighting estimated at 5,000.

Gen. Pai Chung-hsi, Commander-in-Chief of the Southwest Defence Forces, urged that the National Government should "ignore" the Wang Ching-wei regime in Nanking but should not "neglect" it.

Forty thousand students now enrolled in colleges and universities throughout "Free China," making an increase of 8,000 over the enrollment for 1936, Ministry of Education announced.

Tokyo's statement that the establishment of the Wang Ching-wei regime in Nanking would mean the "restoration of China to the Chinese" described (yesterday) by the **Washington Star** as the "hollowest of mockeries."

A total of $67,000,000 was donated to the Nationalist Government from Chinese residents in British Malaya, Dutch East Indies, Philippines, Burma, Hongkong, Siam, Borneo and French Indo-China in 1939, it was reported in Chungking.

*
**

March 25

Y. Suma, Japanese Foreign Office spokesman, announced that Japan would not send a special envoy to attend the opening ceremony of the Wang Ching-wei government on Marh 30, but "some one on the spot" would represent the Japanese government. Gen. N. Abe, Japan's special envoy to the Wang regime, decided to postpone his departure for China, previously scheduled for March 20.

An analysis by **Reuters** correspondent at Chungking of the complete list of members of the Kuomintang Central Executive and Supervisory Committees reveals that only six of these members have joined Wang Ching-wei's new "Central Government." Chen Kung-po, Wang's close follower and a C.E.C. member, claimed to have joined the puppet regime in order to restrain Wang's activities and maintain contact with Chungking.

Convicted of assassinating Tseng Chung-min, secretary to Wang Ching-wei, on March 21, 1939 in Hanoi, French Indo-China, Wang Lao-chiao was sentenced to life imprisonment by the Annamese authorities last week, **Domei** reported.

Fourteen Chinese accused of being anti-Japanese arrested by the Japanese military authoritues in Hangchow and Kashing. Fate of the arrested men unknown.

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92-311

Men and Events

Major-General David C. Shanks, U. S. Army, retired, who participated in the Philippine campaign from 1899 to 1901, died at the Walter Reed Hospital in Washington, D. C. on April 10 at the age of 79 years.

*

V. F. Meisling, member of the editorial staff of the *North-China Daily News*, is departing shortly for Peiping where he will represent the *United Press*.

*

Major-General Jyunichi Yamamoto, who commanded Japanese military forces in the re-conquest of Suiyuan Province early this year, died of pneumonia in Hiroshima, Japan on April 13. He was 50 years of age and had been director of a military cadet school.

*

The Rev. Walter Weston, renowned as a walker and hill-climber, who was the first foreigner to scale Mounts Yari and Hodaka in Japan, died in London on March 29 at the age of 78 years. He was appointed chaplain to Kobe in 1889 and lived there for six years.

*

The Tokyo authorities announced on April 15 that the country's first "Eugenic Marriage Bureau" would be opened in that city on April 25. It will be located in the Mitsukoshi Department Store. The purpose of the Bureau, according to *Domei*, is to advise the people on conjugal problems.

*

A foot specialist in Shanghai, whose name was not given in the report, flew to Tokyo on Friday, April 5, to treat B. W. Fleisher, publisher of the *Japan Advertiser*, for an infection of his foot. Mr. Fleisher returned to Japan recently from a trip to the United States.

*

Joseph D. Birrell, special representative of Westinghouse Electric International Company, passed through Shanghai last week, en route to the United States from New Zealand, where he has been stationed recently. Mr. Birrell was stationed in Shanghai and Hongkong several years ago.

*

Victor Matsuishi, correspondent for *The Japan-California Daily News*, published in Los Angeles, arrived in Shanghai last week and planned to proceed to Nanking to investigate the Wang Ching-wei regime. Mr. Matsuishi was born in the United States. He is living at the New Asia Hotel.

*

Mrs. Thomas Hart, wife of the Commander-in-Chief of the U. S. Asiatic Fleet, and their three daughters, arrived in Shanghai from Manila on Saturday, April 13, aboard the President Cleveland. They were met on arrival here by Admiral W. A. Glassford, Commander of the U. S. Yangtsze Patrol, and Mrs. Glassford. Admiral Hart is in Manila but is expected to come to Shanghai shortly.

Mrs. Philip Jaffe, who is a member of the editorial staff of the American magazines *Amerasia* and *Friday*, and whose husband is connected with the Institute of Pacific Relations, arrived in Chungking on April 11. She will investigate conditions and write articles about western China.

*

Sir Frederick Leith-Ross, well-known British economist and financial expert, who had participated in financial negotiations on behalf of Great Britain in China and various other countries in recent years, has been appointed Director-General of the Ministry of Economic Warfare in the British wartime government. He has charge of negotiations with neutral countries dealing with contraband control and has general charge of the economic war against Germany.

*

French forces in Shanghai engaged in extensive maneuvers and a parade on Sunday, April 14, in honor of Col. H. Casseville, commanding officer of French Forces in China, who was scheduled to depart this week for France where he will join the forces of France in the war. The parade was viewed by numerous consular and military officers of other nationalities. The trooping of the colors was held before Col. Casseville and Col. J. L. Essautier, who will have command of the forces following Col. Casseville's departure. Col. Casseville was previously stationed in Tientsin, but transferred his headquarters here when the Japanese barricaded the Tientsin concessions a year ago.

The funeral of Frank Hedges, well-known American newspaperman in the Far East, who died in Tokyo on Wednesday morning, April 10, was held on April 12 under the auspices of Tokyo American Club, American Association and eight other organizations, some of which were Japanese. Mr. Hedges was found dead near the Imperial Hotel. He apparently had fallen and struck his head on the kerb, causing a fracture. His body was cremated and the ashes sent to his mother, who resides in Springfield, Missouri. At the time of his death Mr. Hedges was serving as correspondent for *North American Newspaper Alliance* and London *Daily Telegraph*. He was unmarried. Mr. Hedges was born at Springfield, Mo. in 1895 and received his education at Western Military Academy, Drury College and the School of Journalism of the University of Missouri. He received his journalism degree in 1919 and after considerable newspaper experience in the United States, joined the *Japan Advertiser* as managing editor in 1923, serving in that capacity until 1927. Later he served as correspondence for *Christian Science Monitor*, *The London Times* and other papers. He was executive secretary of the Press Congress of the World in 1934 and was author of several books on Japan. He was a second lieutenant in the 64th Pioneer Infantry in the first World War and was a member of the American Legion and other organizations. He frequently traveled in China and once served as correspondent for the *Philadelphia Public Ledger* in Peiping.

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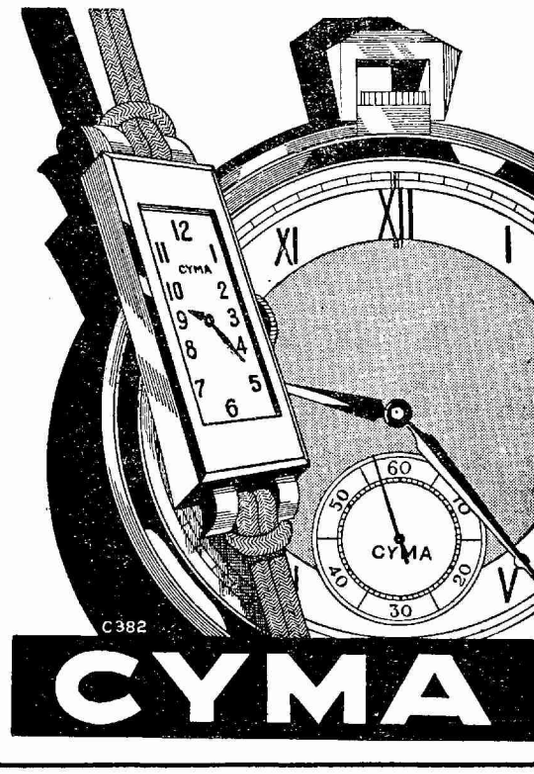

The U. S. submarine tender Canopus and six submarines, which arrived in Shanghai last week, will shortly proceed to Tsingtao. Admiral Hart, Commander-in-Chief of the U. S. Asiatic Fleet, who has been in the Philippines for several weeks, was expected to arrive in Shanghai late this week. The U. S. Naval Transport, USS Wharton, previously the Southern Cross of the American Republics Line, will arrive in Shanghai on its first trip in September, according to announcement here last week. The USS Henderson with 300 Marines aboard is scheduled to arrive here early in May.

*

Harry E. Gibson, head of the claims department of the American President Lines, lectured before the Royal Asiatic Society and the International Institute of China, on Thursday, April 11, on the subject, "Use of Cowrie Shells as Money During the Shang and Chou Dynasties." He said that cowries were extensively used in ancient China, dating back to the beginnings of the Shangs, 1866 B. C. The Chinese race at this time was emerging from the neolithic to the bronze age. Mr. Gibson also referred to the famous bone inscriptions of the Shang Dynasty, dating from 1500 B. C. to 1100 B. C. Cowries, or shells from the South Seas, were also extensively used as money in China in the 13th century, A. D., the speaker explained.

*

The Board of Governors of American Community Church in Shanghai has announced plans for the early construction of an annex to the present church property on Avenue Petain, French Concession. At a meeting held on Mar. 25 the members approved the expenditure of U.S.$16,000 on the new building which will house the primary and junior departments, headquarters for Camp Fire Girls, Women's Auxiliary and offices for the Pastor and Secretary. It was reported at the meeting that Dr. John Lyon Caughey, pastor, who is scheduled to depart for the United States in May, will return for another year of service at the Church. Dr. Caughey came to Shanghai more than a year ago with the expectation of remaining here for six months, but later was induced to remain. The Church will celebrate its 20th anniversary next October. The foundation stone of the present building was laid by the Rev. C. L. Boynton, who is now connected with the National Christian Council.

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Miss Emily Hahn, American magazine writer of Shanghai, who is now visiting in Chungking; Miss Betty Graham, feature writer of Seattle; Mrs. Jack Young, and Mrs. Peggy Durdin, wife of the *New York Times* correspondent in Chungking, participated in an international broadcast at Chungking on Sunday evening, April 14. The talks dealt with China's classical literature and conditions in China's wartime capital.

*

The U. S. Senate, on April 11, passed a bill authorizing the Secretary of the Navy to issue Naval Expeditionary Medals to 21 civilians who were aboard the U. S. S. Panay when that American gunboat was bombed and sunk by Japanese aircraft on the Yangtsze in 1937. The bill will now go before the House of Representatives for final approval. Newspapermen who were aboard the Panay and who will receive medals, include Weldon James, *United Press;* James Marshall, *Collier's Magazine;* Norman Alley, *Universal Newsreel.*

*

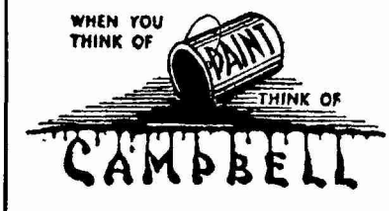
The Alaska Steamship Company, of Seattle, has requested permission of the U. S. Maritime Commission to sell one of its freighters, the Curacao, 1,540 tons, to Emmanuel P. Yannoulatos, a Greek citizen, residing in Shanghai. The ship would fly the Greek flag and engage in trade in the Far East. According to Mr. Yannoulatos, the deal for the purchase of the Curacao had already been completed and the ship would arrive in Shanghai shortly. He stated that his firm had been established here since 1907 and now operates 10 vessels on the China coast.

*

Three well - known Chinese in Peiping were drowned and four others narrowly escaped death when a boat in which they were riding collapsed on a river at the Summer Palace in the Western Hills, according to a report published in the local Chinese papers. The accident occurred on April 7. Those drowned included Shu Yu-chien, general secretary of the Y. M. C. A., Y. A. Yang, a banker, and Chao Shih-meng, dramatist and playwright. Among those picked up and resuscitated was a Miss Chao. The party was being entertained by Mr. Shu when the boat in which they were riding was caught in the high wind and overturned.

*

The Shanghai Free Christian Church, which was founded in 1881 and originally was known as the Shanghai Baptist Church, is shortly to have a new building, located on Tifeng Road. The congregation used the Masonic Hall on The Bund for 23 years as a meeting place, but later built a church at the corner of Range and Chapoo Roads. Present conditions made it necessary to construct a new building in the western part of the city. The new building, the corner-stone of which was laid on Sunday afternoon, April 14, was designed by the Chinese firm of Kwan, Chu and Yang. It will have a seating capacity for 500 persons at the morning service and in addition there will be rooms for Sunday School and other church purposes.



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In the United States Court for China

ANNA ALLA FRETTA YOUNG, *Plaintiff,* vs. CHARLES EARL YOUNG *Defendant.*	Cause No. 4474 Civil No. 2353 ORDER Filed at Shanghai, China, March 30, 1940 WILLIAM T. COLLINS *Clerk.*

The object of this suit is an action for divorce.

Whereas, plaintiff herein, by her attorneys, has this 27th day of March, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

Whereas, it appears from the files in this case that on the 29th day of March, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

Whereas, it appears from the files in this case that on the 27th day of March, 1940, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein since the last three years, and that defendant's last known address was P. O. Box No. 5041, Ballard Station, Seattle, Washington, U.S.A.

Now, Therefore, it is this 30th day of March, 1940, Ordered that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, a paper of general circulation most likely to reach the defendant.

It Is Further Ordered that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 19th day of April, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court:

Dated at Shanghai, China, this 30th day of March, 1940.

MILTON J. HELMICK
Judge.

92-314

John Ahlers, writer on financial and economic subjects, was scheduled to speak at a luncheon of the American University Club at 12.30 o'clock, Friday, April 19. The luncheon was scheduled for the American Club, Foochow Road.

*

The Ryan Aeronautical Company of San Diego, Cal., announced on March 3 that it had received an order from the National Government at Chungking for primary training planes amounting to US$550,000. The first plane was shipped about the middle of March, according to the report.

*

Stanley Shen, son of Shen Yung, prominent merchant in Tientsin, was married on April 4, in Hongkong, to Miss Cecilia Pei, daughter of Mr. and Mrs. Tsu Yee Pei of Shanghai. Mr. Pei is manager of the Bank of China and a well-known Shanghai businessman. The wedding was attended by a large number of guests, including Sir Robert Kotewell of Hongkong.

*

Dr. J. J. Beech, Chancellor of West China Union University at Chengtu, Szechwan, who is shortly departing for the United States, was awarded the Fourth Class Jade Medal, with red and blue orders, by the Chinese Government. Dr. Beech was entertained, prior to his departure, by Gen. Teng Hsi-hou, Pacification Commissioner.

*

Five persons were killed and six injured as a result of the accidental dropping of an airbomb by a Japanese military plane during maneuvers in Shizuoka prefecture on Monday, April 8. The *Domei* report stated that the plane was engaged in bombing practice. The wounded were taken to a hospital and families of those killed will be indemnified by the Army authorities.

*

Dr. Thomas Wayland Vaughan, American geologist, was awarded the Japanese Order of the Rising Sun, third class, on April 16. According to *Domei*, Dr. Vaughan had been a "consistent supporter" of the Pacific Science Congress since its first meeting in Honolulu in 1920, and in this and other ways had promoted American-Japanese friendship. Dr. Vaughan is a member of the faculty of the University of California.

*

Y. (Robert) Horiguchi, chief of the English News Department of the Japanese *Domei News Agency*, who has also served as chief interpreter for the Japanese Army, Navy and Diplomatic spokesmen since the beginning of the Japanese invasion of China, is departing shortly for Rome where he will serve as Liaison Officer with the Japanese Embassy. He will be accompanied by Mrs. Horiguchi.

*

R. P. Butrick, Acting American Consul-General, has been elected Judge of the Shanghai Court of Consuls, in succession to C. E. Gauss, who has departed from Shanghai. Other judges are Y. Miura, Japanese Consul-General, and A. H. George, C. M. G., British Consul-General. E. A. Long, secretary of the Consular-Body, will serve as secretary of the Court.

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ACADEMIC CALENDAR
1940-1941

End of Spring Term—
Friday, June 7, 1940.
Opening of Summer Term—
Monday, June 24, 1940.
End of Summer Term—
Friday, July 26, 1940.
Opening of Autumn Term—
Monday, October 7, 1940.
Thanksgiving Holiday—
November 28, 29, 1940.
End of Autumn Term—
Friday, December 20, 1940.
Christmas Recess—
Saturday, December 21, 1940 to Wednesday, January 1, 1941.
Opening of Winter Term—
Monday, January 6, 1941.
End of Winter Term—
Friday, March 14, 1941.
Opening of Spring Term—
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New Books of Interest in the Far East

Story of Famine Relief

WITH THE WHITE CROSS IN CHINA: The Journal of a Famine Relief Worker, with a preliminary essay by way of introduction. By Harley Farnsworth MacNair. Henri Vetch, The French Bookstore, Peking, 1939. Price, Ch.$7.50.

This slender book bound in cardboard and cloth has been published with a double purpose. It is a personal account in diary form of more than a month spent in famine relief work during the famine in North China in the winter of 1920-1921. Dr. MacNair was at that time in relief work at Shahoch'iao, a small village midway between Tsangchow and Hokienfu in what was then called Chihli Province (the present Hopei Province) with a unit staffed in relays by members of the faculty of St. John's University, Shanghai. The flag used in Chinese famine relief was a white cross on a blue field. Great grain dumps were maintained at certain northern towns and villages from which kaoliang brought from Manchuria was distributed to the surrounding villages of the famine area. The diary fills seventy-five pages. The first thirty-five pages are a background essay with interesting information about Chinese famines of the past, particularly that with reference to the findings published by Dr. Chu Co-hing in 1926 from his study of allusions to famines in the *K'ang Hsi Encyclopedia*, of which Sir Alexander Hosie had also previously made a study. Dr. MacNair gives two full-page tables with some of this information. At the end of the book is a map that shows the river system of Chihli, illustrating the floods of 1920-21.

R. D.

Another Peace Plan

WORLD ECONOMY IN TRANSITION: Technology vs. Politics, Laissez Faire vs. Planning, Power vs. Welfare. By Eugene Staley, Associate Professor of International Economic Relations, Fletcher School of Law Diplomacy. Prepared Under the auspices of the American Coordinating Committee for International Studies. Published by the Council on Foreign Relations, 45 East 65th Street, New York. 333 pages; index. Price U.S.$3.00.

In time of the renewal of world war it seems almost unprofitable to ask what can be done about the world's economic resources and world markets. But if this war is to come to a real settlement the problems discussed by Professor Staley in *World Economy in Transition* must be given major consideration. The book has been prepared for the Council on Foreign Relations in New York City, which has a distinguished body of fair-minded officers and directors. Published in April, 1939, its arguments are based on the presumption that war is avoidable. Its thesis is that technology makes for interdependence and a world-wide economic integration. This whole trend, the author recognizes, has been resisted for exclusively nationalistic reasons; economic opportunity is defeated by power politics. Unless the power principle gives way to the principle of welfare—which involves planning—"chronic waste and recurring crises will make it futile to hope for a long continued rise in living standards anywhere in the world."

The author finds a remedy in what he calls a "mixed system" and tries to show that there can be "peaceful change" through a principle partly of free enterprise, partly of control. "What the world must achieve in order to have peace is not some static, ideal justice, under which everyone is forever content, but a dynamic justice of peaceful evolution. There must be reasonable promise for the dissatisfied that their legitimate grievances will be done away with in time....A first essential of economic cooperation is that a reasonable amount of order and security be established in the world. Anarchic force must be tamed, otherwise the dictates of power economy will continue to dominate the scene and policies looking towards economic welfare will not have a chance."

In the United States great interest has been recently aroused by Clarence Streit's book *Union Now*, which calls upon the democratic nations to unite and form a league for their own security against the power of aggressive nations. Professor Staley's conception seems to fall in accord with this.

"Can the peacefully inclined peoples of the world," he writes, "organize some protective system to free themselves from the overwhelming need for separate national defense, so that they can have security to plan in terms of welfare rather than in terms of power? The economic bases of power for doing so are still in their hands. There is no doubt about the superiority of the resources under the control of the democratic and non-aggressive countries, and this gives them an ultimate superiority of force. Japan could not carry out its present aggression in China without aid from the

THE CHINA QUARTERLY

Vol. V. SPRING, 1940 No. 2

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The Future of China's Industry .....
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The last edition of **Who's Who in China** was published late in 1936, only a few months before the beginning of the Japanese invasion. Aside from a comparatively small number of business and professional men who were not directly affected by the conflict, almost every one else was drawn into the maelstrom. Three classes of public men and women have been greatly affected by the struggle—officials, military men and teachers.

SUPPLEMENT TO WHO'S WHO IN CHINA

This book, often described as the "most useful book in China," has been published biennually for the past twenty years. But it has been found difficult to republish the complete edition under prevailing conditions. Therefore, we have done the next best thing—published a supplement—containing the names, biographies and pictures of some 300 leaders, most of whom are involved in some phase of the war—in the Provincial Governments, the Cabinet or Yuans at Chungking, Diplomatic and Consular Services, Military Service, Party Work or Professional and Business Activities. There also are a considerable number of women in the book.

For those who have a copy of the last standard edition, the Supplement will bring the entire book up-to-date. For those who do not possess a copy of the last (1936) edition, we still have a limited number of copies which will be sold to those sending in their orders at once.

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United States, Great Britain, Holland and France." Elsewhere he writes: "The whole problem of the transformation from power economy to welfare economy which is the great need of the world today can be symbolized thus: How is it possible to create social conditions under which scrap steel from America and rubber from the East Indies, now going into China in the form of Japanese bombs and military trucks, can go instead for the building of bridges and schools and factories?"

Professor Staley in his last chapter applies his "mixed system" to international money problems, international trade, labor standards, production controls and the spread of capital and techniques. In respect to China his ideas are not unlike those that Dr. Sun Yat-sen outlined in his book *The International Development of China*—a cooperative economic development under international auspices. "This would be quite different from the economic development of a conquered China by a victorious Japan or from the competitive scramble for concessions and spheres of influence that took place in the old days. The whole scheme should be guided by the wishes of the Chinese government so far as its internal applications in China are concerned." Nor is this idea intended to exclude Japan from her proper share, which she seems bent upon making a wholly one-sided affair.

D. R.

Britain's Tokyo Envoy Cancels Trip to U.S.

Sir Robert L. Craigie, British Ambassador at Tokyo, last week cancelled his projected trip to the United States, *Domei* reported. He was to have sailed on the Asama Maru on Apr. 13, but developments in Europe, it was stated, caused a last-minute change of plans. Considerable speculation had been aroused by the envoy's announced trip to the United States. Although it had been described as a holiday trip, the Tokyo press believed that Sir Robert would discuss with the State Department in Washington a possible joint Anglo-American policy toward the new puppet Wang Ching-wei government in Nanking.

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